

**Copy
Application**

CN1308-030

**Pioneer Community
Hospital of Scott**



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August 8, 2013

Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Dear Mr. Farber:

Please find enclosed the original and two copies of the Certificate of Need application to discontinue obstetrical services at Pioneer Community Hospital of Scott in Oneida, Tennessee. Attachments and filing fee are also enclosed. If you have any questions, please do not hesitate to contact me at (601) 849-6440 (ext. 390).

Sincerely,

Jerry Howell
Director of Regional Hospital Operations
Pioneer Health Services

Enc.

Pioneer Community Hospital of Scott

Certificate of Need Application: Discontinuation of Obstetrical Services

Submitted: August 12, 2013

1. **Name of Facility, Agency, or Institution**

Pioneer Community Hospital of Scott

Name

18797 Alberta St

Street or Route

Oneida

City

TN

State

Scott

County

37841

Zip Code

2. **Contact Person Available for Responses to Questions**

Jerry Howell

Name

Pioneer Health Services, Inc.

Company Name

110 Pioneer Way

Street or Route

Employee, Interim Administrator

Association with Owner

Magee

City

601.849.6440

Phone Number

Regional Hospital Operations

Title

jerryhowell@phscorporate.co

Email address

MS

State

39111

Zip Code

Fax Number

3. **Owner of the Facility, Agency or Institution**

Pioneer Health Services, Inc.

Name

PO Box 1100

Street or Route

Magee

City

MS

State

601.849.6440

Phone Number

Simpson

County

39111

Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

B. Partnership

C. Limited Partnership

D. Corporation (For Profit)

E. Corporation (Not-for-Profit)

F. Government (State of TN or Political Subdivision)

G. Joint Venture

H. Limited Liability Company

I. Other (Specify)

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

5. **Name of Management/Operating Entity (If Applicable)**

Pioneer Health Services, Inc

Name

PO Box 1100

Street or Route

Magee

City

MS

State

Simpson

County

39111

Zip Code

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. **Legal Interest in the Site of the Institution (Check One)**

A. Ownership

☒

D. Option to Lease

☐

B. Option to Purchase

☐

E. Other (Specify)

☐

C. Lease of Years

☐

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. **Type of Institution (Check as appropriate--more than one response may apply)**

A. Hospital (Specify)

☒

I. Nursing Home

☐

B. Ambulatory Surgical Treatment
Center (ASTC), Multi-Specialty

☐

J. Outpatient Diagnostic Center

☐

C. ASTC, Single Specialty

☐

K. Recuperation Center

☐

D. Home Health Agency

☐

L. Rehabilitation Facility

☐

E. Hospice

☐

M. Residential Hospice

☐

F. Mental Health Hospital

☐

N. Non-Residential Methadone
Facility

☐

G. Mental Health Residential

☐

O. Birthing Center

☐

H. Mental Retardation Institutional

☐

P. Other Outpatient Facility

☐

Habilitation Facility (ICF/MR)

☐

(Specify)

☐

Q. Other (Specify)

☐

8. **Purpose of Review (Check) as appropriate--more than one response may apply)**

A. New Institution

☐

G. Change in Bed Complement

B. Replacement/Existing Facility

☐

[Please note the type of change
by underlining the appropriate
response: Increase, Decrease,
Designation, Distribution,
Conversion, Relocation]

C. Modification/Existing Facility

☐

D. Initiation of Health Care
Service as defined in TCA §

☐

68-11-1607(4)

(Specify)

☐

H. Change of Location

☐

E. Discontinuance of OB Services

☒

I. Other (Specify)

☐

F. Acquisition of Equipment

☐

9. **Bed Complement Data**
Please indicate current and proposed distribution and certification of facility beds.

	Current Beds Licensed	*CON	Staffed Beds	Beds Proposed	TOTAL Beds at Completion
A. Medical	25		14		25
B. Surgical					
C. Long-Term Care Hospital					
D. Obstetrical	5			0	0
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)					
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child and Adolescent Chemical Dependency					
S. Swing Beds	10		10		10
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL					25

*CON-Beds approved but not yet in service

10. Medicare Provider Number
Certification Type

11. Medicaid Provider Number
Certification Type

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? ☒ YES

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? ☒ Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

Section B. Project Description

I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

Pioneer Community Hospital of Scott is currently unopened, but scheduled to provide services in mid to late August 2013. The applicant facility was formerly operated as Scott County Hospital until March 2012 when the facility was forced to close due to financial hardship. Former owner/operators include Baptist Health Systems and Health Management Associates, Inc.

The facility was purchased as of July 2013 by Pioneer Health Services, Inc., headquartered in Magee, Mississippi. The facility is wholly owned by Pioneer Health Services and will operate as Pioneer Community Hospital of Scott. Pending licensure and certification, PCH of Scott is scheduled to begin providing services by September 1, 2013 in a limited capacity. Once fully operational the facility will meet all statutory and regulatory requirement of an Acute Care facility operating in the State of Tennessee.

Pioneer Community Hospital of Scott's primary service area encompasses 22,173 (2012, US Census estimate) total people, including 4,595 women of reproductive age (15-44). The proposed project involves the discontinuation of obstetric services in PCH of Scott. Project costs will be limited to filing fees, legal consultation fees, and community education. No staff will be necessary to carry out the proposed project. Existing resources in the community providing obstetric services are Circle of Life Clinic in Oneida (staffed by two obstetricians) and Jellico Community Hospital in Campbell County. No extra-operational funding is required to complete the project. As such financial feasibility of the project in the short term is and the applicant does not believe that the successful operation of the facility will be risked by discontinuing obstetric services.

Under previous operation, the facility was staffed by two OB/GYNs who both continue to practice in the community, and one of whom will take leadership in the re-opened hospital as Chief of Staff.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a

breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project. If the project involves none of the above, describe the development of the proposal.

The proposed project does not involve construction, modification, or renovation of the facility.

Discontinuing obstetric service was considered due to liability and cost to provide the service in a currently financially unstable hospital. Due to the careful orchestration of service re-introduction across the facility, obstetrics provision will be delayed, as a stabilizing return on investment is not expected to occur for some time after re-introduction of services. Further, much consideration was paid to the provision of obstetric services within the area by other providers to ensure that the population would be served.

B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

Five obstetric beds will be redistributed to acute care service.

C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator

20. Rehabilitation Services

21. Swing Bed Services

Not applicable.

D. Describe the need to change location or replace an existing facility.

Not applicable.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$1.5 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. a. Describe the new equipment, including:

- A. Total cost; (As defined by Agency Rule).
- B. Expected useful life;
- C. List of clinical applications to be provided; and
- D. Documentation of FDA Approval.

b. Provide current and proposed schedules of operations.

Not applicable.

2. For mobile major medical equipment:

- a. List all sites that will be served;
- b. Provide current and/or proposed schedule of operations;
- c. Provide the lease or contract cost.
- d. Provide the fair market value of the equipment; and
- e. List the owner for the equipment.

Not applicable.

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Not applicable

III. A. Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:

1. Size of site (in acres);
2. Location of structure on the site; and
3. Location of the proposed construction.
4. Names of streets, roads or highway that cross or border the site.

Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.

Please see attached Plot Plans

B. 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Pioneer Community Hospital of Scott is located at 18797 Alberta Street, Oneida, Tennessee. Oneida does not currently have public transportation services and no taxi company provides services to the city. Three county-owned vans are currently used to transport locals to medical facilities in Knoxville, but this will not be utilized for transporting area residents to PCH of Scott. East Tennessee Human Resource Agency Public Transit system is available to provide transportation to the hospital for residents from their homes to a specified location, Monday through Friday from 8 a.m. to 4:30 p.m. This service is by appointment only and costs a nominal fee of \$3.00.

IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper. NOTE: DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.

Please see attached Floor Plans.

V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

Not applicable.

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), “no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care.” The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2” x 11” white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate “Not Applicable (NA).”

QUESTIONS

NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee’s Health: Guidelines for Growth.

A. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

Special Criteria for Discontinuance of Obstetrical Services

A. Need

1. A specific service area should be identified and all existing providers of obstetrical services in that service area should be identified.

2007 year-end data reflects that 76.5% of all admissions to the applicant facility originated in Scott County. An additional 1.9% were attributed to other Tennessee counties (Anderson, Blount, Campbell, Fentress, and Morgan). McCreary County, Kentucky accounts for 21.% of discharges. These 7 counties represent the primary and secondary service areas of the applicant facility.

2. The female population aged 15-44 in the service area should be identified. The current year’s population and the population four years hence should be used.

The following table demonstrates the 15-44 year old female population of each county in the applicant’s service area in Tennessee.

15-44 Yr. Female Population by County

<u>County</u>	<u>2013</u>	<u>2017</u>	<u>Service Area</u>
Scott	4595	4662	Primary
Anderson	13,848	13,806	Secondary
Blount	25,027	25,739	Secondary
Campbell	7869	7741	Secondary
Fentress	3495	3453	Secondary
Morgan	3564	3562	Secondary

Source: Tennessee Dept. of Health, Office of Policy, Planning and Assessment, Division of Health Statistics.

3. The number of obstetrical patients served by the facility over the past three years should be listed.

Deliveries at Scott County Hospital

	2009	2010	2011
Deliveries	155	126	24

Source: Joint Annual Reports of Hospital, Scott County Hospital.

4. The estimated number of obstetrical patients affected by the discontinuance of obstetrical services should be listed. The estimated number of obstetrical patients below the federally established poverty level and affected by the discontinuance of the service should be listed separately.

Based on 3-year average birth rate to women ages 15-44 in Scott County (2007-2009), 288 patients are estimated to be affected by the proposal to discontinue OB services. However, at no point in the last 3 years of actual operation did total deliveries exceed 53% of that number. According to the Tennessee Economic Council on Women, 29% of women in Scott County live below the poverty level. Resident Hospital Discharge Data from 2005 Guidelines for Growth, reports 66.7% of delivering mothers from Scott County were covered by TennCare as the primary payer.

B. Accessibility

1. Indicate the distance in miles and approximate travel time that patients in need of obstetrical services would have to travel, should the service be discontinued at the designated site.

Travel Distance to Alternate Providers of Obstetric Services from PCH of Stokes	
Facility	Distance
Jellico Community Hospital (Campbell Co.)	43 miles
Methodist Medical Center Oak Ridge (Anderson Co.)	56 miles

2. Indicate the modes of transportation which will be used by obstetrical patients to travel to alternate sites, should the service be discontinued at the designated site.

Personal vehicles will be the primary method for obstetrical patients seeking services alternate providers. County-owned transportation may also be used with prior arrangement as well as East Tennessee Human Resource Agency Public Transit (ETHRA) for a nominal fee.

3. Indicate the facilities that will provide obstetrical services in the service area, should the service be discontinued at the designated site.

Circle of Life Clinic located in Oneida, Scott County TN is currently staffed by an obstetrician formerly affiliated with the applicant facility under previous management. This provider has continued to provide services in the county while the facility has been closed.

Jellico Community Hospital and Methodist Medical Center—Oak Ridge are the closest alternate acute care facilities providing obstetric services. While Methodist Medical Center has historically seen considerable utilization from Scott County residents, all-cause admissions of Scott County residents increased almost ten percent from 2011 to 2012. Jellico Community Hospital also experienced an increase of all-cause admissions from Scott County. It is reasonable to expect many delivering mothers in Scott County will seek obstetric services at these close facilities.

Scott County Patients Treated by Alternate Providers		
Facility	2011	2012
Jellico Community Hospital (Campbell Co.)	5	14
Methodist Medical Center Oak Ridge (Anderson Co.)	447	491

4. The charges for obstetrical services at alternate service delivery sites should be compared to those of the facility seeking to discontinue the service.

Historic charges (median) for obstetrics services provided at the applicant facility are comparable to the nearest alternate provider Jellico Community Hospital, 46 miles from Oneida, TN. Services provided at Methodist Medical Center in Oak Ridge 57 miles away are significantly cheaper than the applicant facility.

Service	Median Charge (\$) by Facility Per Service		
	PCH of Scott	Jellico Community Hospital	Methodist Medical Center, Oak Ridge
Vaginal Delivery	\$7,327.00	\$8,493.00	\$4,860.00
Cesarean Delivery	\$13,814.00	\$11,806.00	\$7,315.00
Neonate Birth weight >2499 G	\$2,294.00	\$3,407.00	\$1,424.00

5. The applicant should document that TennCare and/or Medicare patients can receive the obstetrical services at the alternate service delivery sites.

Both Jellico Community Hospital and Methodist Medical Center, Oak Ridge participate in TennCare and Medicare as documented by revenue by payer in the Joint Annual Report of Hospitals 2012.

b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c) .

Not applicable.

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

The discontinuation of obstetric services at the applicant facility is consistent with the long range plans of Pioneer Health Services and Pioneer Community Hospital of Scott. This project supports the careful reopening of an acute care facility in a manner to foster financial stability and long-term health care accessibility for Scott County residents. Ceasing to provide OB services is part of a strategic re-opening of hospital services in a facility that has been closed for approximately one year. Acute care services will be introduced initially, and as the facility gains fiscal stability, a broader range of services will be initiated to meet the health needs of area residents. No definite timeline has been determined.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

The proposed primary service area for PCH of Scott is Scott County. Scott County accounts for 75% of all services patient origin by zip code. McCreary County, Kentucky accounts for 20%. The remaining five percent of patients come from other contiguous Tennessee counties and other states. While these

figures represent all services, the applicant feels the patient population seeking obstetric services is highly likely to mirror these figures as the surrounding geographic area is well-served by obstetric services and no contiguous area lies within a designated obstetric service area as defined by the State of Tennessee in 2004. Please see attached maps depicting the primary and secondary service areas for PCH of Scott.

4. A. Describe the demographics of the population to be served by this proposal.

The population of Scott County, the primary service area of the applicant facility, is 98% Caucasian and 51% female. 60% of the population is aged 18-65. In 2013, the population of women of reproductive age is estimated to be 4,595.

B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Scott County, Tennessee is currently underserved with health services due to a recent closure of the applicant facility. County demographics reflect a poverty rate of 26% (www.census.gov). Impoverished households are at greatest risk when healthcare accessibility is poor due to additional costs of time and travel experienced when accessing services in neighboring counties. For some, seeking services elsewhere may be cost-prohibitive until emergency care is required. The proposed project, discontinuation of obstetric services, contributes to the over-arching goal of reintroducing acute care hospital services to the county. Minorities account for 2% of the population. No minority-specific health needs are known to the applicant.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

No similar institution in the primary or secondary service areas related to discontinuation of OB services is currently approved but implemented. No other acute care hospital within the primary service area (Scott County) offers obstetric services. Within the secondary service area Jellico Community Hospital and Methodist Medical Center Oak Ridge offer OB services. In 2010 Jamestown Regional Hospital in Fentress County discontinued obstetric services and converted its four OB beds to medical/surgical use. The following table demonstrates utilization of OB services in alternate provider sites.

Provider	OB Beds	Days of Capacity	OB Occupancy	Births	Avg. Daily Census
<i>Jellico Community Hospital</i>					
FY 2010	4	1460	24.4%	106	1.00
FY 2011	4	1460	24.8%	162	.98
FY 2012	4	1460	21.3%	149	.86
<i>Methodist Medical Center Oak Ridge</i>					
FY 2010	8	2920	52.3%	662	4.18
FY 2011	8	2920	47.3%	621	3.79
FY 2012	8	2920	47.2%	665	3.77

Source: State of Tennessee Department of Health, Joint Annual Report of Hospitals 2010, 2011, 2012.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

The following table presents the applicant's historical services utilization for OB services while operating as Scott County Hospital for years 2009-2011. No data is available for 2012 as the facility was closed during this period. No projected utilization data is presented as the proposed project is the discontinuation of the service in question.

Provider	OB Beds	Days of Capacity	OB Occupancy	Births	Avg. Daily Census
<i>Scott County Hospital</i>					
FY 2009	3	1095	27.7%	115	.83
FY 2010	3	1095	23.4%	106	.70
FY 2011	3	1095	24.9%	108	.71

Source: State of Tennessee Department of Health, Joint Annual Report of Hospitals 2009, 2010, 2011.

ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)
- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.
- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.
- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

Please see the Project Costs Chart below for the costs associated with the project.

PROJECT COSTS CHART

A. Construction and equipment acquired by purchase

1. Architectural and Engineering Fees	0
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	2000
3. Acquisition of Site	0
4. Preparation of Site	0
5. Construction Costs	0
6. Contingency Fund	0
7. Fixed Equipment (Not included in Construction Contract)	0
8. Moveable Equipment (List all equipment over \$50,000)	0
9. Other (Specify)	

B. Acquisition by gift, donation, or lease:

1. Facility (inclusive of building and land)	0
2. Building only	0
3. Land only	0
4. Equipment (Specify)	0
5. Other (Specify)	0

C. Financing Costs and Fees:

1. Interim Financing	0
2. Underwriting Costs	0
3. Reserve for One Year's Debt Service	0
4. Other (Specify)	0

D. Estimated Project Cost (A+B+C)

	2000
--	------

E. CON Filing Fee

	3000
--	------

F. Total Estimated Project Cost (D+E)

	5000
--	------

TOTAL

	5000
--	------

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.)

☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

☐ C. General obligation bonds—Copy of resolution from issuing authority or minutes from the appropriate meeting.

☐ D. Grants--Notification of intent form for grant application or notice of grant award; or

☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.

☐ F. Other—Identify and document funding from all other sources.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

To-date, only two costs are associated with the proposed project: Certificate of Need filing fee and legal and administrative fees for regulatory and strategic consultations and publication of public notice. No other costs are anticipated.

4. Complete Historical and Projected Data Charts on the following two pages--Do not modify the Charts provided or submit Chart substitutions! Historical Data Chart represents revenue and expense information for the last three (3) years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the Proposal Only (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

The following pages contain the Historical Data Chart and the Projected Data Chart.

HISTORICAL DATA CHART

Give information for the last three years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year <u>2009</u>	Year <u>2010</u>	Year <u>2011</u>
A. Utilization Data (Specify unit of measure)	6,052	5,580	5,517
B. Revenue from Services to Patients			
1. Inpatient Services	\$28,285,763	\$23,373,950	\$23,415,015
2. Outpatient Services	35,194,189	40,458,396	43,271,967
3. Emergency Services	8,435,204	8,839,435	2,416,871
4. Other Operating Revenue (Specify) <u>CAH, EAH Payments, Cafeteria, GiftShop</u>	759,600	2,104,091	1,162,619
Gross Operating Revenue	\$63,479,952	\$63,832,346	\$66,686,982
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$7,415,272	\$6,799,199	\$6,692,297
2. Provision for Charity Care	1,433,905	1,200,388	1,217,324
3. Provisions for Bad Debt	2,203,224	4,704,970	3,689,035
Total Deductions	\$47,753,918	\$43,456,063	\$45,909,270
NET OPERATING REVENUE	\$16,486,158	\$22,483,864	\$21,940,331
D. Operating Expenses			
1. Salaries and Wages	\$7,442,902	\$6,858,717	\$7,187,123
2. Physician's Salaries and Wages	0	0	0
3. Supplies	IN OTHER	IN OTHER	IN OTHER
4. Taxes	0	0	0
5. Depreciation	504,074	293,125	171,008
6. Rent	0	0	0
7. Interest, other than Capital	277,718	565,096	452,622
8. Other Expenses (Specify) <u>Employee Benefits, Energy, Professional Fees</u>	11,670,079	17,553,380	12,097,213
Total Operating Expenses	\$19,894,793	\$18,411,611	\$19,907,966
E. Other Revenue (Expenses) – Net (Specify)	\$	\$	\$
NET OPERATING INCOME (LOSS)	\$(3,406,635)	\$4,072,253	\$1,996,365
F. Capital Expenditures			
1. Retirement of Principal	\$0	\$0	\$0
2. Interest	0	0	0
Total Capital Expenditures	\$0	\$0	\$0
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	\$(3,406,635)	\$4,072,253	\$1,996,365

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in September (Month).

2013 AUG 12 AM 9 52

2013 AUG 12 12:00 PM
R9

	Year <u>2013</u>	Year <u>2014</u>
A. Utilization Data (Specify unit of measure)	<u>2,439</u>	<u>3,193</u>
B. Revenue from Services to Patients		
1. Inpatient Services	<u>\$5,793,722</u>	<u>\$6,258,068</u>
2. Outpatient Services	<u>1,115,157</u>	<u>1,203,885</u>
3. Emergency Services	<u>2,475,000</u>	<u>3,217,500</u>
4. Other Operating Revenue (Specify) <u>Clinic Revenue, Partial Revenue</u>	<u>526,250</u>	<u>370,875</u>
Gross Operating Revenue	<u>\$9,910,129</u>	<u>\$11,050,328</u>
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	<u>\$4,199,712</u>	<u>\$4,665,699</u>
2. Provision for Charity Care	<u>198,203</u>	<u>221,007</u>
3. Provisions for Bad Debt	<u>693,709</u>	<u>773,523</u>
Total Deductions	<u>\$5,091,624</u>	<u>\$5,660,229</u>
NET OPERATING REVENUE	<u>\$4,818,506</u>	<u>\$5,390,099</u>
D. Operating Expenses		
1. Salaries and Wages	<u>\$3,831,223</u>	<u>\$3,907,770</u>
2. Physician's Salaries and Wages	<u>0</u>	<u>0</u>
3. Supplies	<u>277,000</u>	<u>277,000</u>
4. Taxes	<u>0</u>	<u>0</u>
5. Depreciation	<u>0</u>	<u>0</u>
6. Rent	<u>0</u>	<u>0</u>
7. Interest, other than Capital	<u>0</u>	<u>0</u>
8. Other Expenses (Specify) <u>Utilities, Marketing, Misc Fees, Education</u>	<u>1,471,246</u>	<u>1,246,878</u>
Total Operating Expenses	<u>\$5,302,469</u>	<u>\$5,431,648</u>
E. Other Revenue (Expenses) -- Net (Specify)	<u>\$</u>	<u>\$</u>
NET OPERATING INCOME (LOSS)	<u>\$(483,963)</u>	<u>\$(41,549)</u>
F. Capital Expenditures		
1. Retirement of Principal	<u>\$0</u>	<u>\$0</u>
2. Interest	<u>0</u>	<u>0</u>
Total Capital Expenditures	<u>\$0</u>	<u>\$0</u>
NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES	<u>\$(483,963)</u>	<u>\$(41,549)</u>

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Not applicable. The proposed project is the discontinuation of obstetrics service. There will be no charges applicable.

6.

A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Charge schedules used during the most recent operation of the applicant facility have not been readily located. No charges have been developed for obstetrics services due to this request for approval to discontinue the service. No revenue is anticipated to result from the proposed project, and no impact to patient charges upon re-opening the currently closed facility is expected.

B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Not applicable.

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Not applicable. No new service or equipment is proposed for which utilization rates are applicable.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Not applicable. No new service is proposed for which feasibility studies are applicable.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Pioneer Community Hospital of Scott is committed to meeting the needs of the community and the region, and will continue the provision of medically necessary care, regardless of ability to pay, payor source, age, race or gender. PCH of Scott will participate in both Federal and State programs, including Medicare, TennCare, and Medicaid programs. The applicant is committed to providing charity care at a 2% of revenue.

Historically, the applicant facility has provided considerable levels of service to beneficiaries of government programs. Medicare patients accounted for 67% percent of the applicant's acute patient days in 2011, while TennCare and Medicaid patients accounted for 17% of inpatient days.

The proposed project will not generate additional revenue from government payers as the proposal is for discontinuation of obstetric services.

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

No audited income statements have been readily located for the applicant facility. Please see the attached unaudited income statements and balance sheets from 2010 and 2011 from the periods when the applicant facility operated as St. Mary's of Scott and Scott County Hospital. 2011 financials reflect only the last quarter of 2011 when the facility was operated by Health Management Associates, Inc. (HMA).

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

a. A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

Discontinuation of obstetric services is a component of a larger plan to bring a currently closed facility to fully operational status. The re-opening of the former Scott County Hospital has been delayed by repeated financial difficulties and change in ownership. Providing emergency and acute care services with supporting ancillaries has been prioritized so that the facility will reach financial stability with greater efficiency before bringing on more financially challenging services. In light of this plan, no alternative has been considered.

b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

Not applicable. The project does not include new construction.

(III.) CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

Pioneer Community Hospital of Scott has contracted or intends to contract with the following payers:

AETNA TN

BLUE CROSS BLUE SHIELD TN

Affiliates: Voluntary Health Service Plan(CMO/HMO)

Affiliates: Partners for Health(State of TN Group Insurance accessing BCBSTN Network Plan S)

Health Insurance Exchange: May 8,2013, BCBSTN filed with the State to offer Network Plan E

CIGNA

Affiliates: Partners for Health(State of TN Group Insurance)

Health Insurance Exchange

Community Health Alliance

CORVEL(Workers Compensation)

COVENTRY FIRST HEALTH(merging with AETNA)

GEHA(Government Employee Health Association)

HERITAGE SUMMIT

HUMANA TN

Health Insurance Exchange

THE INITIAL GROUP PRIME NETWORK(formerly MercyNet)

MULTIPLAN

NOVANET, INC.

UNITED HEALTHCARE TN

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

The proposal will continue a gap in the more comprehensive provision of healthcare in Scott County. However, the discontinuation of OB services will contribute to the development of a stable acute care presence where there has not been one for almost one year. Alternate providers in the area that have been providing the discontinued service for Scott County residents will not significantly change from the rates reported in Section C. Accessibility Question 5.. The rates therein described reflect usage during the closure of Scott County Hospital. Further, both alternate facilities are operating below capacity and should not experience undue burden due to discontinuation of OB services at the applicant facility.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

Not applicable. This project does not involve adding FTE's.

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Not applicable.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

Pioneer Community Hospital of Scott has reviewed and understands all licensing certification as required by the State of Tennessee. PCH of Scott has policies and procedures in place governing regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review policies and programs, record keeping, and staff education.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Pioneer Health Services does accept residents to provide locum tenens coverage in emergency departments in their capacities as physicians, but takes no active part in the instruction of medical residents. Pioneer Community Hospital of Scott may rely on the temporary services of residents in the future.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

The proposed project will comply with licensure requirements of the Department of Health. The facility will not provide any services that require licensure by the Department of Mental Health and Mental Retardation.

(b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure:

Pioneer Community Hospital of Scott is currently re-opening from inactive status and is not yet fully licensed. Upon licensure the applicant will be licensed to provide acute care services by the Board for Licensing Health Care Facilities.

Accreditation:

Pioneer Community Hospital of Scott is currently re-opening and is not yet accredited. The applicant is committed to achieving accreditation through Det Norske Veritas (DNV).

(c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

Pioneer Community Hospital of Scott is currently in the process of re-opening and is not yet licensed and accredited.

(d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

Not applicable. PCH of Scott is not yet licensed.

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Pioneer Health Services, owner and operator of Pioneer Community Hospital of Scott, has no final orders or judgments entered in any state or county by a licensing agency or court against professional licenses held by the applicants or any entities or persons with more than a 5% ownership interest in the applicant.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

There are no final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

The applicant will continue to provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as requested.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

- 1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
- 2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.**

CLASSIFIEDS

small ads BIG deals

PUBLIC NOTICES

NOTICE OF SUBSTITUTE TRUSTEE'S SALE

WHEREAS, default having been made in the payment of the debts and obligations

secured by that certain Real Estate Deed of Trust for Tennessee executed on December 5, 1991, by John P. Chambers and wife, Lizzie D. Chambers to Randle B. Richardson, Trustee, as same appears of record in the Register's Office of Scott County, Tennessee in Book 123, Page 406, ("Deed of Trust"); and

WHEREAS, the beneficial interest of said Deed(s) of Trust is the United States of America, acting by and through the United States Department of Agriculture ("USDA"); and

WHEREAS, USDA, the current owner and holder of said Deed(s) of Trust appointed Joe Woody as Substitute Trustee by instrument filed for record in the Register's Office of Scott County, Tennessee, with all the rights, powers and privileges of the original Trustee named in said Deed(s) of Trust; and

NOW THEREFORE, notice is hereby given that the entire indebtedness has been declared due and payable as provided in said Deed(s) of Trust by USDA, and Joe Woody as Substitute Trustee, or duly appointed agent, pursuant to the power, duty, and authorization in and conferred by said Deed(s) of Trust, will on Tuesday, September 3, 2013, commencing at 10:00 A.M. at the east door of the Scott County Courthouse Huntsville, Tennessee, proceed to sell at public outcry to the highest bidder either for cash (must be in the form of a cashier's check) or 10 percent of the high bid price as a non-refundable deposit with balance due within ten (10) days of sale, (and if such balance goes unpaid, USDA will retain the deposit and re-foreclose) the following described property lying and being in the First Civil District in Scott County, Tennessee to wit:

Lot No B-12 of the Seenic Hills Estate Subdivision, identified on plat map recorded in Plat Cabinet A, Slide 53 in the Office of the Register for Scott County, Tennessee.

Map 97 Parcel 113
PROPERTY ADDRESS: 191 Marlessa St Huntsville TN 37756

Being the same property conveyed to John P. Chambers and wife Lizzie D. Chambers by deed of record in deed Book 193, Page 758, in the said Register's Office.

CURRENT OWNERS:
Heirs of John P. Chambers, (Debra Bolin Chambers, by assumption agreement)

4730 New Harvest Lane,
Suite 300
Knoxville TN 37918
<http://www.rentals.usda.gov>
AUG 12 (8-8-11np)

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that: Pioneer Community Hospital of Scott, an acute care hospital, owned by Pioneer Health Services with an ownership type of sole proprietorship and to be managed by Pioneer Health Services intends to file an application for a Certificate of Need for the discontinuation of obstetric services affecting 5 beds. If approved, 5 designated obstetric service beds will be converted to provide acute or swing bed services. This action has a projected cost of \$5000. Pioneer Community Hospital of Scott is located at 18797 Alberta Street, Oneida, TN 37841.

The anticipated date of filing the application is August 12, 2013. The contact person for this project is Jerry Howell, Regional Hospital Operations, who may be reached at Pioneer Health Services, 110 Pioneer Way, Magee, MS 39111 or 601.849.6440.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to: Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

(8-8-11np)

Help Wanted

NEEDED: Flat bed and van drivers. 2 Yrs. experience and drug test required. TCT Trucking, 750 Towle String Rd., Jacksonboro, TN. Monday-Friday 9 am - 3 pm.
(5-31-nptfn)

OFFICE ASSISTANT: Filing, phones, customer service. Preference given to bookkeeping and tax experience. Hours are flexible: 10-30 hours in summer; 40-50 in winter. Interested candidates mail resume to: Resume, P.O. Box 4382, Oneida, TN 37841
(8-1-21np)

FURNITURE SALE

HUGE FURNITURE SALE: Fri. & Sat. Aug 9th & 10th. Landmark Baptist Church and Christian Academy is holding a huge furniture sale. Landmark has a gym full of used hotel room furniture that must be sold. It is in mostly great condition and is priced to move! A percentage of the sales are to help raise funds for Landmark Christian Academy's 2013-14 school year. Items include: nice dressers \$45; mattresses \$25; box springs \$25; leather wing back chairs \$20; elegant night stands \$25; lamps, tables, chairs and more. Landmark will have someone available to assist you all day Fri. and Sat. from 8am to 5pm. Located in the Landmark gym (on the hill behind Plateau Electric)

FREE-FREE-FREE

1 FREE PUP TO A GOOD HOME, 8 weeks old, lovable, black with gray socks. Mother is lab, very good with children. Call 423-223-4829 or 569-8873.



HOUSE FOR SALE

455 Anderson Hollow Rd. Huntsville Hwy 63, 15 minutes from I-75. 1800 sq.ft., 3 BR, 2 BA, Central Heat & Air + wood stove, 2 car garage. New metal roof. 1.8 acres.
Call 539-5231 for additional information.

Post Construction AUCTION SALE

There will be an Auction Sale for the **Black Oak Baptist Church** located at 4911 Coopertown Road, Oneida (behind new church) on **August 10th at 1:00 a.m.**

This sale consists of things owned by the church and not used in the new church. Members have donated items as well.

Some items include:
(24) 13' Church Pews
(6) Central Heating & Air units
Chandeliers that hung in the church
Custom built kitchen cabinets and sinks
Microwave ovens-New and slightly used
Single and double wall ovens-CE models

WANTED

SEEKING A FEMALE roommate. \$200.00 month. you have no bills, plenty of utilities included (nice) room in city of Oneida. 423-223-5225. Duties are to clean house and help with food.
(8-1-21np)

YARD SALES

YARD SALE: Saturday, 9 till 2 8/10 mile past New Haven Church follow signs. Little like kitchen and toys, power wheel, lots of junior name brand clothes size 12/14/00 to size 4, boys size 8/10/12. Some boys 31-41, womens 12-16, and some mens clothes, large to xl-comforters and much more. Rain or shine.

FIRST 3 family Carport Sale this year! Saturday, Aug. 10, 8-2 rain or shine. Across from Boys & Girls Club, cross tracks, turn left, follow signs to Pullman Lane. Clothing, quilts, sewing machine, filing cabinet, rugs, china dishes and lots of misc.

CARPORT SALE: Rain or shine, Friday 8 to 2 4 Family Sale, 1st sale of the year!! Across from West-Ready Mix, follow signs. Mens, womens, Jr. and baby clothing, mens suits, over 75 pieces of jewelry, few hunting items, home appliances, movies, much more!

YARD SALE at the home of Steve Stanley, Saturday, Aug 10th from 8 to 1:00. Infant toys, bouncer, walker, etc., baby clothes, purses, lots of stuff! 130 Crawford Phillips Lane, Oneida, (Pine Hill area, Phillips Flats) 865-617-8681.

FOR RENT

SINGLE APARTMENT For Rent. 1 bedroom, 1 bathroom, utilities included (nice) \$350 month/\$150.00 deposit. Located near school bus garage in Helenwood. Call 223-1113.
(7-18-nptfn)

HOUSE FOR RENT within Oneida City Limits. 3 Bedrooms. \$350/month. Call 627-2419 after 5:00 p.m.
(7-25-nptfn)

TRAILER FOR RENT: 2 Bedroom in Oneida area. Utilities included. Call 569-3362.
(7-25-nptfn)

FOR RENT: Trailers and a trailer lot. Newly remodeled. No Pets. Call 569-8608.
(8-1-nptfn)

FOR RENT: In Winfield, 2 and 3 bedroom mobile homes, utilities furnished, no pets. Call 569-2367 or 569-3499, between 9am-9pm.
(9-23-nptfn)

HOUSE FOR RENT and accepting housing applications at HOPE, Inc. 641 Baker Hwy, Huntsville, TN. Call 423-663-3818 for more information, or email hopeinc@hopehousing.biz.
(8-2-nptfn)

MISSING

MISSING: Black Angus bull, weighs approximately 700-800 pounds. Missing from the Black Creek Crossroads area. If found call Clifford Jones at 432-627-4413.

LAND FOR SALE

2.2 ACRES. Commercial land for sale, located on Hwy. 27, beside Helenwood Foods store. Priced to sell. Call 423-223-3057.
(8-8-2tp)

THE CAPITOL 3 THEATRE

All Digital Projection & Sound 1 Digital 3D
Matinee Adult Child
\$5.00 \$7.00 \$5.00
The Capitol 3 Theatre:
Showtimes: Fri. Aug. 9-Thu. Aug. 15
*****Bargain Tuesday...ALL 2D tickets
\$5.00 ALL DAY*****
Planes 2D (PG) 2:15, 7:10
Planes 3D (PG) 4:50, 9:20
The Smurfs 2 (PG) 1:45, 4:15, 6:50, 9:30
The Conjuring (R) 2:00, 4:40, 7:30, 10:05
**Shows Sat & Sun only
**Shows Fri & Sat only
Times & Times Subject to Change
Phoenix Big Cinemas
CAPITOL 3 THEATRE
Oneida, TN | 423-589-9090
PhoenixBigCinemas.com

Huntsville Manor Accepting Applications

For: Certified Nursing Assistants

Interested applicants can send resume to admin@huntsvillemanor.com or pick up application at the Information Center at 287 Baker Street, Huntsville, TN

E.O.E.

VEHICLES FOR SALE

Citizens Gas Utility District has the following vehicles for sale by bid.

2000 F-150 4x4 • 5.3L Engine • Approximately 148,000 miles
2001 F-150 • 5.4L Engine • Approximately 180,097 miles

Both vehicles can be seen at Citizens Gas Helenwood office at 12519 Scott Hwy.
For more information call
Mike Watters at 423-569-4457.

Both Vehicles are sold AS IS. Citizens Gas has the right to reject any or all bids.

Bids should be placed in a sealed envelope with the vehicle description on the front and turned in by August 19, 2013 by 8:00 a.m.

The Solution Source has position available

POSITION VACANCY: Case Manager, Scott Region (Fentress and Morgan Counties)

CASE MANAGER wanted for Morgan and Fentress County. Position requires Bachelor's degree in human services or related field.

PROJECT COMPLETION FORECAST CHART

~~2010 AUG 11 PM 10 50~~

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c):

2010 AUG 12 AM 9 45

Assuming the CON approval becomes the final agency action on that date; indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	0	n/a
2. <u>Construction documents approved by the Tennessee Department of Health</u>		n/a
3. <u>Construction contract signed</u>		n/a
4. <u>Building permit secured</u>		n/a
5. <u>Site preparation completed</u>		n/a
6. <u>Building construction commenced</u>		n/a
7. <u>Construction 40% complete</u>		n/a
8. <u>Construction 80% complete</u>		n/a
9. <u>Construction 100% complete (approved for occupancy)</u>		n/a
10. <u>*Issuance of license</u>		9/1/2013
11. <u>*Initiation of service</u>		9/1/2013
12. <u>Final Architectural Certification of Payment</u>		n/a
13. <u>Final Project Report Form (HF0055)</u>		n/a

* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

AFFIDAVIT

STATE OF Mississippi

COUNTY OF Simpson County Mississippi

2013 AUG 11 PM 4:50
[Handwritten signature]

Jerry Howell being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

[Handwritten signature]
SIGNATURE/TITLE

Sworn to and subscribed before me this 9th day of August 2013 a Notary
(Month) (Year)

Public in and for the County/State of Simpson County Mississippi

Teresa J. Myers
NOTARY PUBLIC

My commission expires June 5 2017
(Month/Day) (Year)



ATTACHMENTS

Attachment A, 3.

Tennessee Certificate of Corporate Existence



STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Pioneer Health Services of Oneida, LLC
PIONEER HEALTH SERVICES OF ONEIDA, LLC
PO BOX 1100
MAGEE, MS 39111-1100

April 15, 2013

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	715921	Formation Locale:	MISSISSIPPI
Filing Type:	Limited Liability Company - Foreign	Date Formed:	04/02/2013
Filing Date:	04/15/2013 10:56 AM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2014
Duration Term:	Perpetual	Image # :	7193-0039
Managed By:	Member Managed		

Document Receipt

Receipt # : 1031934	Filing Fee:	\$300.00
Payment-Check/MO - Pioneer Health Services, MAGEE, MS		\$300.00

Registered Agent Address:
CAPITAL FILING SERVICE, INC.
STE B
992 DAVIDSON DR
NASHVILLE, TN 37205-1051

Principal Address:
PIONEER HEALTH SERVICES OF ONEIDA
110 PIONEER WAY
MAGEE, MS 39111-5501

Congratulations on the successful filing of your **Application for Certificate of Authority for Pioneer Health Services of Oneida, LLC** in the State of Tennessee which is effective on the date shown above. Visit the TN Department of Revenue website (apps.tn.gov/bizreg) to determine your online tax registration requirements.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Darlene Baskin

**APPLICATION FOR CERTIFICATE OF AUTHORITY
LIMITED LIABILITY COMPANY** (ss-4233)

Page 2 of 2



Division of Business Services
Tre Hargett, Secretary of State
State of Tennessee

312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$50 per member
(minimum fee = \$300, maximum fee = \$3,000)

For Office Use Only

Control # 000715921
SUBMISSION PENDING

Amount Due: \$300.00
Please file before 05/11/2013

The name of the Limited Liability Company is: Pioneer Health Services of Oneida, LLC

11. The complete mailing address of the entity (if different from the principal office) is:

PIONEER HEALTH SERVICES OF ONEIDA, LLC
PO BOX 1100
MAGEE, MS 39111-1100

12. Non-Profit LLC (required only if the Additional Designation of "Non-Profit LLC" is entered in section 3.)

- ☐ I certify that this entity is a Non-Profit LLC whose sole member is a nonprofit corporation, foreign or domestic, incorporated under or subject to the provisions of the Tennessee Nonprofit Corporation Act and who is exempt from franchise and excise tax as not-for-profit as defined in T.C.A. §67-4-2004. The business is disregarded as an entity for federal income tax purposes.

13. Professional LLC (required only if the Additional Designation of "Professional LLC" is entered in section 3.)

- ☐ I certify that this PLLC has one or more qualified persons as members and no disqualified persons as members or holders.
☐ I certify that this entity meets the requirements of T.C.A. §48-249-1123(b)(3)

Licensed Profession:

14. Series LLC (required only if the Additional Designation of "Series LLC" is entered in section 3.)

- ☐ I certify that this entity meets the requirements of T.C.A. §48-249-309(i)

If the provisions of T.C.A. §48-249-309(i) (relating to foreign series LLCs) apply, then the information required by that section should be attached as part of this document.

15. Obligated Member Entity (list of obligated members and signatures must be attached)

- ☐ This entity will be registered as an Obligated Member Entity (OME) **Effective Date:** (none)
☐ I understand that by statute: THE EXECUTION AND FILING OF THIS DOCUMENT WILL CAUSE THE MEMBER(S) TO BE PERSONALLY LIABLE FOR THE DEBTS, OBLIGATIONS AND LIABILITIES OF THE LIMITED LIABILITY COMPANY TO THE SAME EXTENT AS A GENERAL PARTNER OF A GENERAL PARTNERSHIP. CONSULT AN ATTORNEY.

16. Other Provisions:

Apr 11, 2013 3:13PM

Signature Date

Signature

Joseph S McNulty, III

Name (printed or typed)

Signer's Capacity (if other than individual capacity)

**APPLICATION FOR CERTIFICATE OF AUTHORITY
LIMITED LIABILITY COMPANY (ss-4233)**

Page 1 of 2



Division of Business Services
Tre Hargett, Secretary of State
State of Tennessee

312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$50 per member
(minimum fee = \$300, maximum fee = \$3,000)

For Office Use Only

Control # 000715921
SUBMISSION PENDING

FILED

Amount Due: \$300.00
Please file before 05/11/2013

To the Secretary of the State of Tennessee:

Pursuant to the provisions of T.C.A. §48-249-904 of the Tennessee Revised Limited Liability Company Act, the undersigned hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

- 1. The name of the Limited Liability Company is:** Pioneer Health Services of Oneida, LLC
If different, the name under which the certificate of authority is to be obtained is:

NOTE: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign Limited Liability Company if its name does not comply with the requirements of T.C.A. §48-249-106 of the Tennessee Revised Limited Liability Company Act. If obtaining a certificate of authority under an assumed Limited Liability Company name, an application must be filed pursuant to T.C.A. §48-249-106(d).

- 2. The state or country under whose law it is formed is:** MISSISSIPPI
and the date (mm/dd/yyyy) of its formation is: 04/02/2013
and, if prior to qualifying, the date it commenced doing business in Tennessee is: (none)

NOTE: Additional filing fees and proof of tax clearance confirming good standing may apply if the Limited Liability Company commenced doing business in Tennessee prior to the approval of this application. See T.C.A. §48-249-913(d) and T.C.A. §48-249-905(c).

- 3. This company has the additional designation of:**

- 4. The name and complete address of its registered agent and office located in the state of Tennessee is:**
CAPITAL FILING SERVICE, INC. DAVIDSON COUNTY
STE B
992 DAVIDSON DR
NASHVILLE, TN 37205-1051

- 5. Fiscal Year Close Month:** December

- 6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is:**
(none) (Not to exceed 90 days)

- 7. The LLC will be:** ☒ Member Managed ☐ Manager Managed ☐ Director Managed ☐ Board Managed ☐ Other

- 8. Number of Members at the date of filing:** 1

- 9. Period of Duration:** Perpetual

- 10. The complete address of its principal executive office is:**
PIONEER HEALTH SERVICES OF ONEIDA, LLC
110 PIONEER WAY
MAGEE, MS 39111-5501

OFFICE OF THE SECRETARY OF STATE
P O BOX 1020, JACKSON, MS 39215-1020
(601)359-1633

Certificate of Formation

7. Signatures: This certificate must be signed by at least one member, manager, or organizer. The name, title, and address of each signer should be included in the spaces indicated. This page may be duplicated for additional signatures.

* Printed Name Keely R. McNulty * Title Organizer

* By: Signature

Keely R. McNulty

(please keep writing within blocks)

Street and
Mailing Address

⇒ * Physical Address 301 8th Avenue SW

⇒ P. O. Box 1100

⇒ * City Magee State MS Zip5 - Zip4 39111

Printed Name _____ Title _____

By: Signature

(please keep writing within blocks)

Street and
Mailing Address

⇒ Physical
Address

⇒ P. O. Box

⇒ City _____ State _____ Zip5 - Zip4 _____

282802

2013 APR -2 AM 10:52

State of Mississippi
Office of the Secretary of State
C. Delbert Hosemann, Jr., Secretary of State
Jackson, Mississippi

CERTIFICATE

I, C. DELBERT HOSEMAN, JR., Secretary of State of the State of Mississippi, and as such the legal custodian of the records as required by The Mississippi Limited Liability Company Act to be filed in my office do hereby certify that:

PIONEER HEALTH SERVICES OF ONEIDA, LLC

Formed April 2, 2013

A Mississippi Limited Liability Company has filed the necessary documents in this office and has obtained a certificate of formation under the provisions of The Mississippi Limited Liability Company Act as shown by the records in this office.

That the registered office of said Limited Liability Company is located at:

301 8TH AVENUE SW
MAGEE MS 39111

and that the registered agent at that address is:

MCNULTY, KEELY R.

I further certify that said Limited Liability Company has paid the fees for filing the above papers required by law as shown by the records of this office and that said Limited Liability Company is in good standing to do business in Mississippi at this time.



Given under my hand
and seal of office
April 12, 2013

C. Delbert Hosemann, Jr.

C. Delbert Hosemann, Jr.
Secretary of State

Attachment A., 4.

Limited Liability Company Agreement of Pioneer Health Services of Oneida, LLC

Pioneer Health Services of Oneida, LLC d/b/a Pioneer Community Hospital of Scott is a limited liability company owned by Pioneer Health Services, Inc. headquartered in Magee, MS.

See page 12, Schedule A of the attached Limited Liability Agreement for Membership Interest.

**LIMITED LIABILITY COMPANY AGREEMENT
OF
PIONEER HEALTH SERVICES OF ONEIDA, LLC**

Dated April 2, 2013

LIMITED LIABILITY COMPANY AGREEMENT
OF
PIONEER HEALTH SERVICES OF ONEIDA, LLC

THIS LIMITED LIABILITY COMPANY AGREEMENT (the "Agreement") is executed under and is to be governed by the laws of the State of Mississippi. It is entered into as of the 2nd day of April, 2013, by Pioneer Health Services, Inc., (sometimes referred to individually as a "Member" or as a party) to establish the terms of the operation of Pioneer Health Services of Oneida, LLC, a Mississippi limited liability company. Initially, Pioneer Health Services, Inc. shall be the only Member of the Company, and all references to Members or Member shall be construed to refer to Pioneer Health Services, Inc. as the sole Member as long as it shall remain the only Member of the Company.

ARTICLE I
DEFINITIONS

1.1 Definitions. For purposes of this Agreement, unless the language or context clearly indicates that a different meaning is intended, the words, terms and phrases defined in this section shall have the following meanings:

(a) "Act" shall mean the Mississippi Limited Liability Company Act Limited Liability Company Act as contained in §79-29-101 et. seq. of the Mississippi Code, as amended.

(b) "Certificate of Formation" shall mean the certificate filed with the Mississippi Secretary of State for formation of the Company.

(c) "Code" shall mean the Internal Revenue Code of 1986, as amended, and successor to that Code.

(d) "Company" shall mean Pioneer Health Services of Oneida, LLC, a Mississippi limited liability company, organized under the Act.

(e) "Economic Interest" shall mean a Member's or Economic Interest Owner's share of the Company's net profits, net losses and/or distributions of the Company's assets pursuant to this Operating Agreement and the Act, but shall not include any right to participate in the management or affairs of the Company, including the right to vote on, consent to or otherwise participate in any decision of the Members.

(f) "Economic Interest Owner" shall mean the owner of an Economic Interest who is not a Member. All provisions of this Operating Agreement applicable to members relative to sharing of profits, losses, capital accounts, and distributions (except with respect to voting rights and rights to participate in management) shall also apply to Economic Interest Owners.

(g) "Entity" shall mean a corporation, non-profit corporation, business trust, estate trust, partnership, limited partnership, association, joint venture, limited liability company, or any other legal or commercial entity.

(h) "Member" shall mean a Person who owns a Membership Interest and who has been admitted to the Company as a Member as provided in this Agreement and under the Act.

(i) "Membership Interest" shall mean each Member's rights and obligations in and to the Company as provided in this Agreement. The Membership Interest of each Member shall be expressed as a percentage and shall be set forth on Schedule A.

(j) "Person" shall mean an individual or any entity, including any individual or entity in a representative capacity, as defined in the Act.

ARTICLE II OFFICES AND REGISTERED AGENT

2.1 Principal Office. The Company may have such offices and places of business as may be agreed upon by the Members from time to time, and a principal office as shall be designated from time to time by the Manager.

2.2 Registered Office and Agent. The address of the registered office of the Company in Mississippi (the "Registered Office") and the registered agent at the Registered Office shall be as designated in the Certificate of Formation, as may be amended from time to time.

ARTICLE III PURPOSE OF BUSINESS

3.1 Purpose. The Company will engage in the business of health care services and any other lawful activity for which a limited liability company may be formed under the law of the State of Mississippi.

ARTICLE IV ONE MEMBER LLC PROVISION

4.1 One Member LLC. For so long as there shall only be one (1) Member, this Agreement shall be construed in a manner consistent with the treatment of one-member limited liability companies under applicable federal and state tax laws, which ignore the existence of the limited liability company for tax purposes only. Consequently, for such period of time as there is only one (1) Member of the Company, all references herein to the provisions of subchapter (k) of the Internal Revenue Code and applicable state tax provisions shall be ignored, and all profits, losses, deductions, credits and other tax attributes of the Company shall belong to the Member. Notwithstanding the foregoing, the treatment of the Company for tax purposes shall in no way affect the limited liability of the Member or Members as provided under Article X and in the Act.

ARTICLE V
ACCOUNTING AND REPORTS FOR THE COMPANY

5.1 Records and Accounting. The books and records of the Company shall be kept, and the financial position and the results of its operations recorded, in accordance with the accounting methods selected by the Members, from time to time, and if not so selected, the books and records shall be maintained in accordance with generally accepted accounting principles consistently applied. The books and records of the Company shall reflect all the Company transactions and shall be appropriate and adequate for the Company's business.

5.2 Fiscal Year. The fiscal year of the Company for financial reporting and for federal income tax purposes shall be January 1 through December 31.

5.3 Access to Accounting Records. All books and records of the Company shall be maintained at the principal business office or any other office of the Company agreed to by all of the Members. Each Member, and its duly authorized representative, shall have access to all books and records at the offices of the Company and the right to inspect and copy them at reasonable times. Notwithstanding the foregoing, each Member shall have the inspection rights granted by, and the Company shall maintain at its Registered Office the records required by, the Act.

5.4 Reports.

(a) The Company shall use its best efforts, within ninety (90) days after the end of each calendar year, to send to each Person who was a Member at any time during the year then ended such tax information as shall be necessary for inclusion by such Member in its federal income tax return of all items attributable to the Company.

(b) Within ninety (90) days after the end of each calendar year, the Company will use its best efforts to send to each Person who was a Member at any time during the year then ended the balance sheet of the Company as of the end of such year and statements of operations and changes in Members' capital contributions, prepare in accordance with the accounting method selected pursuant to section 5.1 hereof. The information shall also set forth distributions to the Members for the period covered thereby and the amount of any distributions released from reserves established in prior periods.

ARTICLE VI
MEMBERSHIP INTERESTS; CAPITAL CONTRIBUTIONS

6.1 Admission of Member. Simultaneously with the execution and delivery of this Agreement and the filing of the Certificate of Formation with the Office of the Secretary of State of the State of Mississippi, Pioneer Health Services, Inc. is admitted as the sole Member of the Company in respect of the Membership Interest.

6.2 Interest. The Company shall be authorized to issue a single class of Membership Interest including any and all benefits to which the holder of such Interest may be entitled in this Agreement, together with all obligations of such person to comply with the terms and provisions of this Agreement.

6.3. Capital Subscriptions. Simultaneously with the execution hereof, the Member is contributing One Hundred Dollars (\$100) to the Company in exchange for his Interest.

6.4. Certificates for Membership Interests. The Membership Interest shall not be represented by an certificate of membership or other evidence of membership other than the Certificate of Formation and this Agreement.

6.5. Additional Capital Contributions. Additional capital may be contributed to the Company, but only upon the unanimous consent of the Members.

6.6. Capital Accounts. The capital account of each member shall initially be set as determined by the accountants for the Company or by unanimous consent of the Members, and shall, from time to time, be:

(a) Increased by:

- (i) Any additional capital contributions of such Member; and
- (ii) Such Member's share of profits of the Company, determined pursuant to ARTICLE VIII, during each fiscal year, whether or not distributed; and
- (iii) The agreed fair market value of any property (less liabilities assumed by the Company) contributed by such Member; and

(b) Decreased by:

- (i) All distributions to or for the account of such Member whether from the capital or income of the company (other than payments received by a Member in payment of any loan); and
- (ii) Such Member's share of losses of the Company determined during each fiscal year pursuant to ARTICLE VIII; and
- (iii) The agreed fair market value of any property (less liabilities assumed by the Member) distributed by the Company to such Member.

The foregoing provisions are intended to comply with the provisions contained in Treasury Regulations § 1.704-1(b)(2)(iv) and the Code, and capital accounts shall be maintained in accordance with such provisions.

6.7. Withdrawal and Return of Contributions. A Member does not have the right or power to withdraw from the Company as a Member, nor is the Member entitled to a return of any part of his or her capital contribution or to be paid interest on either his or her capital account or capital contributions.

6.8. Obligations of Members and Third Parties. The right or obligation of any Member to make capital contributions shall not confer any right or claim upon or otherwise inure to the benefit of any creditor or other third party having dealings with the Company or other Member, it being understood that the provisions of this Agreement shall be solely for the benefit of, and may be enforced solely by, the parties hereto, and their respective successors and assigns.

ARTICLE VII
DISTRIBUTIONS

7.1 Distribution. From time to time the Manager may determine the amount of cash available for distributions and may distribute such amount thereof as the Manager deems appropriate. Any distributions shall be made pro rata to the Members in accordance with their Membership Interest in the Company. Any declared but unpaid distribution will constitute a liability of the Company to a Member. The Manager may also cause property of the Company other than cash to be distributed to the Members or Economic Interest Owners, which distribution must be made in accordance with their Membership Interest and Economic Interest in the Company, and may be made subject to existing liabilities and obligations. Immediately prior to such distribution of property other than cash, the capital accounts of the Members and Economic Interest Owners shall be adjusted as provided in Treasury Regulation § 1,704-1(b)(2)(iv)(f). However, no distribution shall be declared and paid which would violate the Act.

ARTICLE VIII
PROFIT OR LOSSES

8.1 Tax Characterization and Returns.

- (a) The Member acknowledges that at all times that two or more persons or entities hold equity interests in the Company for federal income tax purposes (i) it is the intention of the Company to be treated as a "partnership" for federal and all relevant state tax purposes and (ii) the Company will be treated as a "partnership" for federal and all relevant state tax purposes and shall make all available elections to be so treated. Until such time, however, it is the intention of the Member that the Company be deemed to be activities of the Member for such purposes. All provision of the Company's certificate of formation and this Agreement are to be construed so as to preserve that tax status under those circumstances.
- (b) In the event that the Company is treated as a partnership for tax purposes in accordance with Section 8.1 hereof, then within ninety (90) days after the end of each fiscal year, the Company will cause to be delivered to each person who was a Member at any time during such fiscal year a Form K-1 and such other information, if any, with respect to the Company as may be necessary for the preparation of each member's federal, state or local income tax (or information) returns, including a statement showing each Member's share of income, gain or loss, and credits for the fiscal year.

ARTICLE IX
ADMINISTRATIVE PROVISIONS

9.1 Meeting; Voting. Annual meetings are not required to be held each year. Any Member may vote at any meeting either in person or by proxy. Notice of any meeting may be waived in writing, either before or after the meeting. The presence of a Member at any meeting shall constitute a waiver of notice, unless a Member's presence at such meeting is solely for the purpose of objecting to the form of notice or the holding of a meeting without proper notice. Unless a difference vote is specifically

required hereunder, any vote of the Members or any statement (or similar language) that an action shall be "approved by the Members," shall require the vote of Members holding at least a majority of the Members Interests. Any vote of Members hereunder shall be by Membership Interest and not by heads. Notwithstanding the above, the sale of any real property owned by the Company shall require a unanimous vote of the Members.

9.2 Special Meetings. A special meeting of the Members may be called at any time by Members hold at least twenty percent (20%) of the Membership Interests of the Company; special meetings must be called by written notice to the other Members given at least two (2) business days in advance of such meeting, and such notice must state the matters to be presented at such meeting.

9.3 Place of Meetings and Quorum. All meetings shall be held at the principal business office of the Company, unless the notice of meeting specifies otherwise or the Members agree otherwise. The conduct of any business at a meeting shall require the presence of at least a majority of the Membership Interest, by Membership Interest not by head.

9.4 Notices. All notices, demands, and other writings required herein, or delivered in connection herewith, may be either delivered in person or by private courier (which shall be effective upon delivery), by facsimile or similar communication (which shall be effective upon confirmation of delivery on the sender's facsimile machine or other communication device), or by prepaid registered or certified mail to the address for notice set forth herein (which shall be effective five (5) business days (a day not a Saturday, Sunday or federal holiday) after being so mailed). Each member agrees to notify the other Members in writing of a change of address for notices hereunder.

9.5 Action by Written Consent or Telephone Conference. Any action permitted or required by the Act, the Certificate of Formation or this Agreement to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by all the Members. Such consent shall be effective when signed by the last Member, unless a difference effective date is specified in such consent. Such consent shall the same force and effect as a unanimous vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State of Mississippi, and the execution of such consent shall constituted attendance or presence in person at a meeting of the Members. Subject to the requirements and restrictions of the act, the Certificate of Formation or this Agreement, Members may participate in and hold a meeting of the Members by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participating in such meeting shall constitute attendance and presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE X LIMITED LIABILITY AND INDEMNIFICATION

10.1 Liability to Third Parties. No Member shall be liable for the debts, obligations or liabilities of the Company, including under a judgment or order of a court.

10.2 Indemnification. The Company shall indemnify any current or former Member, Manager or officer of the Company to the full extent permitted by the Act, and the Certificate of

Formation, including through the purchase of insurance, against expenses, judgments and other losses arising out of their status as a Member or officer, provided that the Member, Manager or officer has met the appropriate standard of conduct as set forth by law, in the interpretation of the Members.

ARTICLE XI MANAGEMENT OF COMPANY

11.1 Management of Company. The management of the Company shall be vested in a Manager (the "Manager") elected by the Member. The Member hereby elects Joseph S. McNulty, III as the initial Manager of the Company, to serve until his successor is elected and qualified. A Manager shall remain in office until removed by a written instrument signed by the Member or until such Manager resigns in a written instrument delivered to the Member or such Manager dies or is unable to serve. In the event of any such vacancy, the Member may fill the vacancy. Each Manager shall perform his or her duties as such in good faith, in a manner he reasonable believes to be in the best interest of the Company, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. A person who so performs his duties shall not have any liability by reason of serving or having served as a Manager. A Manager shall not be liable under a judgment, decree or order of court, or in any other manner, for a debt, obligation or liability of the Company.

11.2 Powers of the Manager. Except as otherwise provided in this Agreement, all powers to control and manage the business and affairs of the Company shall be exclusively vested in the Manager, and the Manager may exercise all powers of the Company and do all such lawful acts as are not by Act, the Certificate of Formation or this Agreement directed or required to be exercised or done by the Member and in so doing shall the right and authority to take all actions which the Manager deems necessary, useful or appropriate for the management and conduct of the business of the Company; provided, however, the Member may amend this Agreement at any time and thereby broaden or limit the Manager's power and authority.

11.3 Rights and Powers of Member. A Member shall not have any right or power to take part in the management or control of the Company or its business and affairs or to act for the bind the Company in any way. Notwithstanding the foregoing, each Member has all the rights and powers specifically set forth in this Agreement and, to the extent no inconsistent with this Agreement, in the Act. A Member has no voting rights except with respect to those matters specifically set forth in this Agreement and, to the extent not inconsistent herewith, as required in the Act. Notwithstanding any other provision of this Agreement, no action may be taken by the Company (whether by the Manager, or otherwise) in connection with any of the following matters without the unanimous consent of Members:

- (a) The dissolution or liquidation, in whole or in part, of the Company, or the institution of proceedings to have the Company adjudicated bankrupt or insolvent;
- (b) The filing of a petition seeking or consenting to reorganization or relief under any applicable federal or state bankruptcy law;
- (c) Consenting to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Company or a substantial part of its property;
- (d) The merger of the Company with any other entity;

- (e) The sale of all or substantially all of the Company's assets; or
- (f) The amendment of this Agreement.

ARTICLE XII
DISSOLUTION AND TERMINATION

12.1 Events Causing Dissolution. The Company shall dissolve and its affairs shall be wound up on the first to occur of the following:

- (a) The unanimous consent of the Members; and
- (b) Entry of a decree of judicial dissolution of the Company as provided under the Act.

12.2 Liquidation and Termination. On dissolution of the Company, the Manager shall act as liquidator or may appoint a committee of one or more Persons to act as liquidator. The liquidator shall proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Act. The costs of dissolution shall be borne as a Company expense. Until final distribution, the liquidator shall continue to operate the Company properties with all of the power and authority of the Members.

12.3 Distributions In-Kind. The Company may distribute the assets of the Company to the Members in-kind.

12.4 Distributions upon Dissolution. Upon dissolution, the liquidation proceeds shall be distributed in the following order:

(a) First, to the payment of debts to creditors, including Members and Economic Interest Owners who are creditors, to the extent permitted by law, in satisfaction of liabilities (other than liabilities for distributions to Members or Economic Interest Owners under Act) of the Company and for the payment of dissolution expenses.

(b) Second, to establish reserves to pay any contingent or unknown costs that may arise after dissolution.

(c) Third, except as provided in the Certification of Formation, to Members or Economic Interest Owners, in satisfaction of liabilities for distributions under the Act.

(d) Fourth, except as provided in the Certificate of Formation, to Members and Economic Interest Owners to the extent of the credit balances in their respective capital accounts.

(e) Fifth, except as provided in the Certificate of Formation, to Members and Economic Interest Owners pro rate in accordance with their Membership and Economic Interests.

ARTICLE XIII
GENERAL PROVISIONS

13.1 Choice of Law. The validity of this Agreement is to be determined under, and the provisions of this Agreement are to be construed in accordance with, the law of the State of Mississippi.

13.2 Binding effect. This Agreement is to be binding upon, and inures to the benefit of the successors and permitted assign of the Members.

13.3 Gender and Plurality. Wherever applicable, the pronouns designating the masculine or neuter will equally apply to the feminine, neuter, or masculine genders. Furthermore, wherever applicable within this Agreement, the singular will include the plural and vice versa.

13.4 Captions. Article, section and paragraph captions and headnote are for reference purposes only and will not be considered to affect context.

13.5 Severability. Should any part or provision of this Agreement be found by a court of competent jurisdiction to be void, against public policy or otherwise unenforceable, such part or provision shall be deleted; but the Agreement and each of the remaining parts or provisions hereof, shall remain in full force and effect.

13.6 Integration. This Agreement and the Certificate of Formation embodies the entire agreement and understanding among the Members and supersedes all prior agreements and understanding, if any, among and between Members relating to the subject matter hereof.

13.7 Counterparts. It is expected and understood that this Agreement may be executed in several counterparts and that all counterparts so executed are to constitute one agreement binding all parties hereto, notwithstanding the fact that all parties are not signatories to the original or to the same counterpart. Any party hereto may execute this Agreement by facsimile signature or similar form of communication, and such signature shall be legal and valid for all purposes. Each party so executing this Agreement shall promptly sign an original hereof and deliver the originally signed document to the other Members.

13.8 Attorney's Fees. In the event of any litigation or formal legal proceeding between the parties to this Agreement, the Members specifically covenant and agree that the prevailing party in such litigation shall be entitled to recover, in addition to other damages, all reasonable court costs, reasonable expenses and reasonable attorneys' fees that it may actually incur in enforcing the terms of this Agreement, and the parties expressly waive any statute, rule of law or public policy to the contrary and further covenant and agree that they shall confirm such waiver in writing at the time of commencement of any such action, proceeding or counterclaim.

13.9 Amendment. This Operating Agreement shall not be amended, modified, terminated or supplemented except by vote of Members holding a majority of the Membership Interest of the Company. Provided, however, the provisions of Section 9.1 requiring a unanimous vote for the sale of real property of the Company may only be amended by a unanimous vote of the Members.

13.10 No Third Party Rights. This Agreement and the covenants and agreements contained herein are solely for the benefit of the parties hereto. No other Person shall be entitled to enforce or make any claims or have any right pursuant to the provisions of this Agreement.

13.11 Remedies. The parties acknowledge that monetary damages are inadequate for a breach hereof, and hereby agree that the provisions of this Agreement shall be enforceable by equitable relief, including specific performance, and each of the parties hereby waives any defense to the enforcement of this Agreement through equitable relief. However, equitable relief shall not be the exclusive remedy for breach of the Agreement, and the election of specific performance, damages or any other remedy hereunder shall not preclude the exercise of any other remedy in conjunction with such relief or from time to time thereafter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

MEMBER:

Pioneer Health Services, Inc.

By: 

JOSEPH S. McNULTY, III, PRESIDENT

COMPANY.

BY: 

JOSEPH S. McNULTY, III, PRESIDENT

Address for Notice: P.O. Box 1100
Magee, MS 39111

SCHEDULE A

MEMBERSHIP INTEREST

<u>MEMBER</u>	<u>MEMBERSHIP INTEREST</u>	<u>CAPITAL CONTRIBUTION</u>
PIONEER HEALTH SERVICES, INC.	100%	\$100.00

Attachment A., 5.

Pioneer Health Services, Inc., owner and management company, owns seven other small, critical access hospitals throughout the Southeast and operates or manages two others. PHS has been a critical access hospital company since 1989, and converted the first Mississippi hospital to CAH designation. Pioneer is the solely owned by Joseph S. McNulty, III, President and CEO of Pioneer Health Services, Inc.

See page 8, Article XI of the preceding attachment, Limited Liability Company Agreement for the management agreement between Pioneer Community Hospital of Scott and Pioneer Health Services, Inc.

Attachment A., 6

Asset Purchase Agreement By and Between Scott County and Pioneer Health Services, Inc.

ASSET PURCHASE AGREEMENT
BY AND BETWEEN
SCOTT COUNTY
AND
PIONEER HEALTH SERVICES, INC.

March 22, 2013

TABLE OF CONTENTS

1.	PURCHASE OF ASSETS	1
1.1	Assets	1
1.2	USDA Loan	2
1.3	Excluded Liabilities	2
1.4	Purchase Price	2
2.	CLOSING	2
2.1	Closing	2
2.2	Actions of Seller at Closing	2
2.3	Actions of Buyer at Closing	3
2.4	Closing Costs	3
3.	REPRESENTATIONS AND WARRANTIES OF SELLER.....	4
3.1	Existence and Capacity	4
3.2	Binding Agreement.....	4
3.3	Licenses.....	4
3.4	Equipment	4
3.5	Real Property	4
3.6	Title	5
3.7	Environmental Matters.....	6
3.8	No Broker.....	6
4.	REPRESENTATIONS AND WARRANTIES OF BUYER.....	7
4.1	Existence and Capacity	7
4.2	Powers; Consents; Absence of Conflicts With Other Agreements, Etc	7
4.3	Binding Agreement.....	7
4.4	No Broker.....	7
4.5	Financial Statements	7
5.	COVENANTS OF SELLER PRIOR TO CLOSING	8
5.1	Information	8
5.2	Governmental and Other Approvals	8
5.3	Assumed Liabilities; Encumbrances.....	8
6.	COVENANTS OF BUYER PRIOR TO CLOSING	8
6.1	Governmental and Other Approvals	8
6.2	Surveys.....	8
7.	CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER.....	9
7.1	Representations/Warranties; Covenants	9
7.2	Pre-Closing Confirmations	9

7.3	Actions/Proceedings	10
7.4	Licensure Survey Deficiency Corrections	10
7.5	Survey	11
7.6	Closing Deliveries.....	11
7.7	Fire or Casualty.....	11
8.	CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER	11
8.1	Representations/Warranties; Covenants; Certificate	11
8.2	Pre-Closing Confirmations	12
8.3	Actions/Proceedings	12
8.4	Insolvency	12
8.5	[Reserved]	12
8.6	Closing Deliveries.....	12
9.	ADDITIONAL AGREEMENTS.....	12
9.1	Termination Prior to Closing	12
9.2	Further Assurances.....	13
9.3	Operation of the Hospital.....	13
9.4	Guaranty.....	15
10.	MISCELLANEOUS	15
10.1	Schedules and Other Instruments.....	15
10.2	Consents, Approvals and Discretion.....	16
10.3	Legal Fees and Costs	16
10.4	Choice of Law	16
10.5	Benefit/Assignment.....	16
10.6	Cost of Transaction	16
10.7	Risk of Fire and Condemnation	16
10.8	Waiver of Breach	17
10.9	Notice.....	17
10.10	Severability	18
10.11	Gender and Number	18
10.12	Divisions and Headings	18
10.13	No Punitive Damages	18
10.14	Waiver of Jury Trial.....	18
10.15	No Inferences	18
10.16	No Third Party Beneficiaries	18
10.17	Enforcement of Agreement.....	18
10.18	Entire Agreement; Amendment; Counterparts	19
10.19	Disclaimer of Warranties	19
10.20	No Compensation for Referrals	19
10.21	Knowledge of Seller	19

LIST OF SCHEDULES

Schedule 1.1(a)	Hospital Real Property
Schedule 1.1(b)	Tangible Personal Property
Schedule 1.2	USDA Loan
Schedule 3.4	Equipment
Schedule 3.5	Real Property Exceptions
Schedule 3.6	Permitted Encumbrances
Schedule 4.2	Powers; Consents; Absence of Conflicts With Other Agreements, Etc.
Schedule 7.2	Exceptions to Buyer's Pre-closing Confirmations

LIST OF EXHIBITS

Exhibit A	Form of Special Warranty Deed
Exhibit B	Form of Bill of Sale
Exhibit C	Form of Easement Agreement
Exhibit D	Form of Landing Rights Agreement for Use of Helipad

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made and entered into as of March 22, 2013 (the "Execution Date"), by and between **SCOTT COUNTY**, a Tennessee governmental entity ("Seller"), and **PIONEER HEALTH SERVICES, INC.**, a Mississippi corporation or its assignee as permitted herein ("Buyer").

RECITALS:

- A. Seller owns Scott County Hospital, a closed critical access hospital located at 18797 Alberta Street, Oneida, Tennessee 37841-2127 (the "Hospital"); and
- B. The Hospital ceased operations on or about May 24, 2012; and
- C. Seller desires to sell to Buyer and Buyer desires to purchase the Assets (as defined in Section 1.1 hereof), on the terms and conditions set forth in this Agreement.

AGREEMENT:

NOW, THEREFORE, for and in consideration of the premises and the agreements, covenants, representations, and warranties hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are forever acknowledged and confessed, the parties hereto agree as follows:

1. PURCHASE OF ASSETS.

1.1 Assets. Subject to the terms and conditions of this Agreement, at the Closing (as defined in Section 2.1 hereof), but effective as of the Effective Time (as defined in Section 2.1 hereof), and except for the Excluded Assets (as defined in Section 1.3 hereof), Seller agrees to sell, convey, transfer and deliver to Buyer, and Buyer agrees to purchase, acquire and accept, all of Seller's right, title and interest in and to certain assets owned by Seller as follows:

- (a) the land located in Scott County, Tennessee and more particularly described on Schedule 1.1(a) hereto, and all buildings, structures, fixtures and other improvements located on such land, and all right, title and interest of Seller in and to the rights, privileges and easements appurtenant to such land (all of the foregoing, collectively, the "Real Property");
- (b) all tangible personal property owned by Seller on Schedule 1.1(b) hereto, which is located on the Real Property;
- (c) all supplies and inventory owned by Seller and used in the Hospital's operations; and
- (d) all other assets of every kind, character or description owned or leased by Seller and used or held for use primarily in the operation of the Hospital, wherever located and whether or not similar to the items specifically set forth above.

All of the assets to be transferred to Buyer by Seller hereunder are referred to collectively as the "Assets."

1.2 *USDA Loan.* In connection with the conveyance of the Assets to Buyer, Buyer agrees to provide Seller with the funds necessary to repay Seller's obligation set forth on **Schedule 1.2** (the "USDA Loan").

1.3 *Excluded Liabilities.* Buyer shall not assume and under no circumstances shall Buyer be obligated to pay or assume, and none of the assets of Buyer shall be or become liable for or subject to any liability, indebtedness, commitment, or obligation of Seller, whether known or unknown, fixed or contingent, recorded or unrecorded, or otherwise (collectively, the "Excluded Liabilities").

1.4 *Purchase Price.* The Assets will be acquired at a purchase price (the "Purchase Price") equal to the sums paid Seller for retiring the USDA Loan and the covenants set forth in **Section 9.3** hereof.

2. CLOSING.

2.1 *Closing.* The closing and consummation of the transactions contemplated by and described in this Agreement (the "Closing") shall take place (a) at the offices of Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C., Nashville, Tennessee, on the first business day after the first day on which all of the conditions set forth in **Section 6** and **Section 7** have been fulfilled or waived (other than any conditions that are not capable of being satisfied until the Closing, but subject to the satisfaction or waiver of those conditions at the Closing), or (b) at such other date, time and place as Seller and Buyer mutually agree upon in writing (the day on which the Closing actually occurs, the "Closing Date"). The Closing shall be deemed to have occurred and to be effective as of 12:00:01 a.m., Central Time, on the Closing Date (such time on the Closing Date, the "Effective Time"). The parties shall use their respective commercially reasonable efforts to cause the Closing to occur on or before October 1, 2013.

2.2 *Actions of Seller at Closing.* At the Closing and except to the extent waived in writing by Buyer, Seller shall deliver to Buyer the following:

(a) Special warranty deed substantially in the form of **Exhibit A** hereto, fully executed by Seller in recordable form, conveying to Buyer good and marketable fee simple title to the Real Property, free and clear of Encumbrances (as defined in **Section 3.6**) except the Permitted Encumbrances (as defined in **Section 3.6**);

(b) A General Assignment, Conveyance and Bill of Sale substantially in the form of **Exhibit B** hereto (the "Bill of Sale"), fully executed by Seller, conveying to Buyer all of Seller's right, title and interest in all other tangible and intangible assets which are a part of the Assets, free and clear of Encumbrances, except as otherwise expressly described herein or mutually agreed upon by the parties;

(c) Deliver to Buyer of copies of resolutions duly adopted by the Scott County Board of Commissioners, authorizing and approving their performance of the transactions

contemplated hereby and the execution and delivery of this Agreement and the documents described herein, certified as true and in full force as of the Closing;

- (d) All Certificates of Title for any of the Assets;
- (e) An Easement Agreement (the "Easement Agreement") in the form attached hereto as **Exhibit C**, fully executed by Seller;
- (f) A Landing Rights Agreement for Use of Helipad (the "Helipad Agreement") in the form attached hereto as **Exhibit D**, fully executed by Seller;
- (g) An Owner's Affidavit in the standard form required by Buyer's title insurance company, executed by Seller in order to cause such title insurance company to issue to Buyer an Owner's Policy of Title Insurance with respect to the Real Property without the so-called standard exceptions, provided, however, Seller shall not be required to make any indemnification;
- (h) A non-foreign affidavit and other items customarily delivered in connection with the sale of real estate; and
- (i) Such other instruments and documents as Buyer reasonably deems necessary to effect the transactions contemplated hereby.

2.3 Actions of Buyer at Closing. At the Closing and except to the extent waived in writing by Seller, Buyer shall do the following:

- (a) Deliver to Seller the Bill of Sale, fully executed by Buyer;
- (b) Deliver to Seller the Easement Agreement, fully executed by Buyer;
- (c) Deliver to Seller the Helipad Agreement, fully executed by Buyer;
- (d) Deliver to Seller copies of resolutions duly adopted by the Board of Directors, authorizing and approving their performance of the transactions contemplated hereby and the execution and delivery of this Agreement and the documents described herein, certified as true and in full force as of the Closing, by the appropriate officers of Buyer; and
- (e) Deliver to Seller such other instruments and documents as Seller reasonably deems necessary to effect the transactions contemplated hereby.

2.4 Closing Costs. Each party shall pay the cost of its own attorneys. Buyer shall pay the cost of the title insurance commitment obtained by Buyer and the title insurance premium for Buyer's Owner's Title Policy. Buyer also shall pay all recording costs and transfer, documentary and recording taxes payable in connection with the recording of the Deed. Buyer will only be liable for real estate taxes from and after the Closing.

3. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller represents and warrants to Buyer the following:

3.1 *Existence and Capacity.* Seller is a governmental entity validly existing under the laws of the State of Tennessee. Seller has the requisite authority to enter into this Agreement and to perform its obligations hereunder.

3.2 *Binding Agreement.* This Agreement is, and all agreements to which Seller will become a party pursuant hereto will be when executed and delivered by Seller, the valid and legally binding obligations of Seller and enforceable against Seller in accordance with the respective terms hereof or thereof.

3.3 *Licenses.* The Hospital is duly licensed (in inactive status) by the Tennessee Department of Health as a hospital pursuant to the applicable laws of the State of Tennessee (the "State Health Agency").

3.4 *Equipment.* Seller has delivered to Buyer a depreciation schedule (**Schedule 3.4**) which to Seller's Knowledge lists all the equipment of Seller with, or constituting any part of, the Assets and having a book value greater than One Thousand Dollars (\$1,000).

3.5 *Real Property.* Except as set forth on **Schedule 3.5** hereto, with respect to the Real Property:

(a) Seller has not received during the past five (5) years written notice of a material violation of any applicable ordinance or other law, order, regulation, or requirement of any local, state or federal governmental authority (each a "Government Entity"; collectively, the "Governmental Entities") or written notice of condemnation, an involuntary lien or a special assessment relating to any part of the Real Property;

(b) To the knowledge of Seller, the Real Property is in compliance in all material respects with all applicable zoning ordinances and the consummation of the transactions contemplated herein will not result in a violation of any applicable zoning ordinance or the termination of any applicable zoning variance now existing;

(c) To the knowledge of Seller, the Real Property is subject to no easements, restrictions, ordinances, or such other limitations on title so as to make such property unusable for its current use or the title uninsurable or which materially restrict or impair the current use or insurability of the Real Property;

(d) Seller has not received during the past five (5) years any written notice that the Real Property is not in compliance in all material respects with the applicable provisions of the Rehabilitation Act of 1973, Title III of the Americans with Disabilities Act, and the provisions of any comparable state statute relative to accessibility (these laws are referred to, collectively, as the "Accessibility Laws"), and to the knowledge of Seller there is no pending or threatened litigation, administrative action or complaint (whether from state, federal or local government or from any other person, group or entity) relating to compliance of any of the Real Property with the Accessibility Laws;

(e) There are no tenants or other persons or entities occupying any space in the Real Property, except that Seller will reserve an easement to continue service access of ingress and egress and parking under the Easement Agreement;

(f) Seller has not received any written notice of any existing, proposed or contemplated plans to modify or realign any street or highway or any existing, proposed or contemplated eminent domain proceeding that would result in the taking of all or any part of the Real Property or that would materially and adversely affect the current use of any part of the Real Property;

(g) To the knowledge of Seller, the Real Property is not located within a one hundred year flood plain or an area identified by the Secretary of Housing and Urban Development as having "special flood hazards," as such term is used in the National Flood Insurance Act of 1968, as amended and supplemented by The Flood Disaster Protection Act of 1973, and in regulations, interpretations and rulings thereunder;

(h) Seller has provided Buyer with a copy of each existing survey in its possession, if any, of the Real Property; and

(i) No subdivision plat approval from any local governmental authority is required for the conveyance of the Real Property as provided in **Section 2.2** hereof.

3.6 Title.

(a) Except for the Permitted Encumbrances, Seller owns good and marketable indefeasible title to the Real Property, and valid title to all of the other Assets to be conveyed by it to Seller pursuant to this Agreement, free and clear of all Encumbrances. "Encumbrances" means any lien, pledge, security interest, conditional sales agreement, right of first refusal, option, restriction or encumbrance. "Permitted Encumbrances" means (i) zoning ordinances, building codes and other laws regulating the use and enjoyment of the Real Property; (ii) easements, covenants, reservations, limitations, conditions and restrictions which do not materially and adversely affect the current use of the Real Property; (iii) the Easement Agreement; (iv) the Restrictive Covenants, as defined in **Section 3.6(b)**; (v) matters shown on any title commitment, title examination or title report obtained by Buyer (except that the Permitted Exceptions shall not include any lease); (vi) matters shown on any survey of the Real Property provided by Seller to Buyer, or the Survey (as defined in **Section 6.2**) that do not materially and adversely affect the current use of the Real Property; and (vii) matters shown on **Schedule 3.6**.

(b) The "Restrictive Covenants" shall mean covenants that are in the deed delivered pursuant to **Section 2.2** that (i) the Hospital shall be certified to participate in Medicare by the Medicare Certification Date (as defined below); (ii) the Real Property shall not be used for any purpose other than as a general acute care hospital or critical access hospital (which can be supplemented by other health related improvements to the property such as a medical office building, surgery center or clinic); (iii) there can be no mortgages, deeds of trust liens or the like against the "Real Property"; and (iv) the Real Property cannot be subdivided and sold except for governmental taking in condemnation.

(c) The Easement Agreement and the Restrictive Covenants shall run with the land and be binding upon any successor to or assign of Buyer; provided, however, if there is no breach of any of the Restrictive Covenants by Buyer or any successor owner, then (i) the covenants set forth in **Section 3.6(b)(iii)** and **(iv)** shall terminate two (2) years after the Reopening Date; in that case and from thereafter the Real Property may be encumbered by Buyer or any successor entity, and (ii) all of the Restrictive Covenants shall terminate six (6) years after the Reopening Date. In the event there is a breach of any of the Restrictive Covenants prior to the second anniversary of the Reopening Date, then at any time prior to the date that is six (6) months after the second anniversary of the Reopening Date, Seller, by written notice to Buyer, may exercise a right of reversion of the title to the Assets free of any cost, liability, expense or otherwise to Seller and without any claim of Buyer against Seller of any nature or relief whatsoever; provided, however, that in the event that Seller reacquires title pursuant to such reversion then Seller shall pay to Buyer the amount Buyer paid to satisfy the USDA Loan pursuant to **Section 1.2**. The "Reopening Date" shall be the date the Hospital notifies Seller in writing that it has admitted its first inpatient.

3.7 Environmental Matters. To the best of Seller's knowledge and belief, there presently does not exist and there has never existed on, above, or under the Real Property any Hazardous Material, and neither Seller, nor any other person has ever caused or permitted any Hazardous Materials to be placed, held, located or disposed of, on, under or at the Real Property or any part thereof. To the best of Seller's knowledge, no part of the Real Property has ever been used as a manufacturing, storage or dump site for Hazardous Materials, nor is any part of the Real Property affected by any Hazardous Materials Contamination. To Seller's knowledge, there are no underground storage tanks located on the Real Property, and no portion of the Real Property has ever been used for a garbage dump, landfill or service station or other business selling petroleum or petroleum products. As used herein, "Hazardous Materials" shall mean: (a) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976 (42 U.S.C. Section 6901 et seq.), as amended from time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.), as amended from time to time, and the Superfund Amendments and Reorganization Act of 1986, as amended from time to time, and regulations promulgated thereunder; (c) asbestos; (d) polychlorinated biphenyls; (e) petroleum, petroleum by-products or petroleum constituents; (f) any substance the presence of which is prohibited by any governmental requirement; and (g) any other substance which by any governmental requirement requires special handling in its collection, storage, treatment or disposal. "Hazardous Materials Contamination" shall mean the contamination (whether presently existing or hereafter occurring) of any improvements, facilities, soil, ground water, ambient air, subsurface strata, biota or other elements on, or of, the Real Property by Hazardous Materials, or the contamination of any improvements, facilities, soil, ground water, ambient air, subsurface strata, biota or other elements on, or of, any other property as a result of Hazardous Materials emanating from the Real Property.

3.8 No Broker. Seller has not dealt with any real estate broker or salesman in connection with the negotiation of this Agreement. Seller has not employed and is not liable for the payment of any fee to any finder, broker or similar person in connection with the transactions contemplated by this Agreement.

4. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer represents and warrants to Seller the following:

4.1 Existence and Capacity. Buyer is duly organized and validly existing in good standing under the laws of the state of Mississippi. Buyer has the requisite company power and authority to enter into this Agreement, to perform its obligations hereunder, and to conduct its business as now being conducted.

4.2 Powers; Consents; Absence of Conflicts With Other Agreements, Etc. Except as set forth on Schedule 4.2 hereto, the execution, delivery, and performance by Buyer of this Agreement, and all other agreements referenced herein, to which Buyer will become a party pursuant hereto, and the consummation of the transactions contemplated herein by Buyer:

(a) are within its company powers, are not in contravention of law in any material respect or of the terms of its organizational documents, and have been duly authorized by all appropriate company action;

(b) do not require any approval or consent of, or filing with, any Government Entity bearing on the validity of this Agreement which is required by law or the regulations of any such agency or authority;

(c) will neither conflict with, nor result in any breach or contravention of, or the creation of any lien, charge or encumbrance under, any material indenture, agreement, lease, instrument or understanding to which it is a party or by which it is bound;

(d) will not violate in any material respect any statute, law, rule, or regulation of any Government Entity to which it may be subject; and

(e) will not violate any judgment, decree, writ, or injunction of any Government Entity to which it may be subject.

4.3 Binding Agreement. This Agreement is, and all agreements to which Buyer will become a party pursuant hereto, will be when executed and delivered by Buyer, the valid and legally binding obligations of Buyer, enforceable against Buyer in accordance with the respective terms hereof or thereof.

4.4 No Broker. Buyer has not dealt with any real estate broker or salesman in connection with the negotiation of this Agreement. Buyer has not employed and is not liable for the payment of any fee to any finder, broker or similar person in connection with the transactions contemplated by this Agreement.

4.5 Financial Statements. The financial statements of Pioneer which were provided to Seller (the "Financial Statements") have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods indicated. Such Financial Statements are true, complete and accurate in all respects and fairly present the financial condition and results of operations of Pioneer as of the dates and for the periods indicated thereon. Buyer acknowledges that Seller has relied on the financial information set forth in the Financial Statements in determining the

Purchase Price pursuant to **Section 1.4** and other commitments of Buyer set forth in this Agreement.

5. COVENANTS OF SELLER PRIOR TO CLOSING. From the date of this Agreement until the earlier of the Closing or the termination of this Agreement:

5.1 Information. Seller shall afford to the officers and authorized representatives and agents (which shall include accountants, attorneys, bankers, and other consultants) of Buyer, during normal business hours, full and complete access to and the right to inspect the Assets, and will furnish Buyer with such additional information that is reasonably available to Seller as Buyer may from time to time reasonably request without regard to where such information may be located.

5.2 Governmental and Other Approvals. Seller shall use its commercially reasonable efforts (a) to obtain as promptly as practicable after the Execution Date all governmental approvals (or exemptions therefrom) necessary or required to allow Seller to perform its obligations under this Agreement, including, but not limited to, a no-action letter from the Attorney General of the State of Tennessee ("Tennessee AG") pursuant to the Public Benefit Hospitals Sales and Conveyance Act of 2006; (b) to assist and cooperate with Buyer and its representatives and counsel in obtaining all other governmental consents, approvals, and licenses which Buyer reasonably deems necessary or appropriate and in the preparation of any document or other material which may be required by any Government Entity as a predicate to or as a result of the transactions contemplated herein; and (c) to cause the conditions in Section 7 and Section 8 to be satisfied.

5.3 Assumed Liabilities; Encumbrances. Seller will not modify or amend any of the Assumed Liability Documents or any of the Permitted Encumbrances or record any new Encumbrances, without the prior written consent of Buyer in each such instance.

6. COVENANTS OF BUYER PRIOR TO CLOSING. From the date of this Agreement until the earlier of the Closing or the termination of this Agreement:

6.1 Governmental and Other Approvals. Buyer shall use its commercially reasonable efforts (a) to provide to Seller as promptly as practicable after the Execution Date all portions of the filing to be made with the Tennessee AG which are needed from Buyer in connection with the filing described in **Section 5.2**; (b) to obtain as promptly as practicable after the Execution Date all governmental approvals (or exemptions therefrom) necessary or required to allow Buyer to perform its obligations under this Agreement, (c) to assist and cooperate with Seller and its representatives and counsel in obtaining all governmental consents, approvals, and licenses which Seller deems necessary or appropriate and in the preparation of any document or other material which may be required by any Government Entity as a predicate to or as a result of the transactions contemplated herein; and (d) to cause the conditions in **Section 7** and **Section 8** to be satisfied.

6.2 Surveys. As promptly as reasonably practicable after the Execution Date, Buyer, at its expense, shall obtain a current as-built survey of the Real Property (the "Survey") meeting the requirements of an ALTA/ASCM survey. The Survey shall be certified to Seller, Buyer and

such other parties as reasonably determined by Buyer. As promptly as reasonably practicable, Buyer shall provide to Seller a copy of the Survey and any other third party reports including, but not limited to, appraisals, title commitments and environmental studies or reports.

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER. Notwithstanding anything herein to the contrary, the obligations of Buyer to consummate the Closing are subject to the fulfillment, at or prior to the Closing, of the following conditions precedent unless (but only to the extent) waived in writing by Buyer at or prior to the Closing:

7.1 Representations/Warranties; Covenants. The representations and warranties of Seller contained in this Agreement shall be true in all material respects when made and, when read in light of any Schedules which have been updated in accordance with the provisions of Section 10.1(b) hereof, as of the Closing Date as though such representations and warranties had been made on and as of the Closing Date. Each and all of the terms, covenants, and conditions of this Agreement to be complied with or performed by Seller at or before the Closing pursuant to the terms hereof shall have been duly complied with and performed in all material respects.

7.2 Pre-Closing Confirmations. Buyer shall have obtained documentation or other evidence satisfactory to Buyer in its reasonable discretion that Buyer has confirmation from all applicable licensure agencies that upon the Closing all Necessary Licenses (as defined below) required by law to operate the Hospital will be issued or reissued in the name of Buyer.

(a) Government Approvals. Received the no action letter from the Tennessee AG as described in Sections 5.2 and 6.1, and

(b) Licenses and Certifications. Buyer shall have obtained the Necessary Licenses from any other Governmental Entities whose approval is required to complete the transactions herein contemplated, including, without limitation, the following:

(i) a license from the Tennessee Department of Health to operate a critical access hospital or general acute care hospital with no less than twenty-five (25) beds;

(ii) a license from the Tennessee Board of Pharmacy to operate an inpatient hospital pharmacy;

(iii) registration from the federal Drug Enforcement Agency to operate an inpatient hospital pharmacy;

(iv) appropriate CLIA certification to operate hospital-based laboratory services;

(v) appropriate registrations from the Tennessee Department of Environment & Conservation, Division of Radiological Health to operate the x-ray machines and radiological services of the Hospital;

(vi) necessary food service permits to operate the Hospital's dietary function from the Tennessee Department of Agriculture, Division of Environmental Health; and

(vii) all such other licenses and permits necessary for the lawful operation of the Hospital (collectively, the "Necessary Licenses").

7.3 Actions/Proceedings. No action or proceeding before a court of competent jurisdiction shall have been instituted by a Government Entity and be pending that seeks to restrain or prohibit the consummation of the transactions herein contemplated, and no order issued by a court of competent jurisdiction restraining or prohibiting the consummation of the transactions herein contemplated shall be in effect.

7.4 Licensure Survey Deficiency Corrections. Notwithstanding anything to the contrary set forth elsewhere herein, if, after a survey by the Tennessee Department of Health as required to obtain the Necessary Licenses for operating the Hospital, the Hospital is tagged for survey deficiencies, Buyer shall be responsible for all of them except for those which require (and can be fully addressed by) capital improvements to the building ("CapEx"), and with respect to CapEx, Buyer shall be responsible for the initial payment up to \$50,000.00 to correct the deficiencies (the "Buyer Deficiency Correction Amount"). If funds in an amount greater than the Buyer Deficiency Correction Amount are required to correct the survey deficiencies involving CapEx (the "Excess Deficiency Correction Amount"), then first, Buyer shall provide reasonable evidence of the cost of the CapEx bids and other reasonable information relating thereto and the Certification of Buyer, as defined below, then, solely at Seller's option (a) Seller shall be directly responsible for payment of the Excess Deficiency Correction Amount or (b) Buyer may borrow the funds necessary to correct the deficiencies and use the Real Property to secure the credit obligation, with a Qualified Mortgage, as defined below, provided that the ability to secure a loan using an lien against the Real Property is subject to the prior approval of Seller, which shall not unreasonably be withheld, or (c) Seller may elect to terminate the Agreement as if done pursuant to **Section 9.1(a)(i)**. Because obtaining the Necessary Licenses is a condition precedent to the Closing, if Seller either withholds its approval as described herein or does not otherwise provide funds sufficient to correct survey deficiencies, then this Agreement shall terminate in accordance with **Section 9.1(a)**, below.

(a) **Buyer Certification.** The Buyer "Certification" shall be a writing signed by Buyer and Pioneer Health Services, Inc.: (i) explaining why the CapEx is required and is the only option to satisfy the survey deficiency; (ii) that upon payment thereof, the hospital will become operational and have all Necessary Licenses; (iii) that Buyer shall bear all cost overruns; (iv) provide a reasonable description of the Qualified Mortgage including a statement that the lien satisfies all the requirements of the Qualified Mortgage; and (v) that Pioneer Health Services, Inc. is joining in the Certification to evidence its guarantee thereof.

(b) **Qualified Mortgage.** A "Qualified Mortgage" shall mean a loan secured by a first lien against the Real Property which meets the following requirements: (i) any mortgage financing expenses shall be borne by Buyer and not included in the financed amount (including legal fees, title fees, survey, environmental, recording, points, etc.); (ii) the loan shall provide that all accrued interest is due and payable in full monthly commencing in the month of

the loan closing and every month thereafter and Pioneer Health Services, Inc. shall guarantee the obligation to pay the interest and Buyer must covenant to comply with all of the covenants of the loan and those covenants must also run in favor of Seller; (iii) any monies financed shall be used only for CapEx; (iv) the amounts of CapEx shall be paid only to third parties and no payee, directly or indirectly, shall be Pioneer Health Services, Inc. or its affiliates (and there shall be no allocation of overhead); (v) Buyer shall provide Seller reasonable evidence that all of the monies used were exclusively for CapEx; (vi) the loan shall not be cross-defaulted or cross-collateralized with other debt or assets; (vii) the debt must be at market terms for a borrower with Pioneer Health Services, Inc.'s creditworthiness; (viii) the lien shall not be an obligation of Seller and the loan shall be nonrecourse to Seller, and (ix) the loan documents shall require the lender to send Seller any notice of default and provide Seller a reasonable opportunity to cure the default.

(c) Seller's Default Option. Solely at Seller's option any default on the loan or receipt of a notice of default may be deemed by Seller as a breach of the Restrictive Covenants.

(d) Damages Calculation. In the event that the proviso of **Section 9.3(l)** gets triggered and the parties are calculating the damages, there shall be no reduction in valuation because of the debt since all improvements post closing will be deducted.

7.5 Survey. The Survey shall not show any easements, restrictions, rights of way, covenants, reservations, or other Encumbrances that materially and adversely affect the current use of the Real Property as a hospital. Any Phase I or other environmental reports obtained by Buyer shall not show the existence of any Hazardous Materials or Hazardous Materials Contamination on the Real Property that is a violation of applicable law or that materially and adversely affect the current use of the Real Property as a hospital.

7.6 Closing Deliveries. Seller shall have made the deliveries required to be made by it under **Section 2.2** hereof.

7.7 Fire or Casualty. There shall have been no fire or other material casualty with respect to the Real Property.

8. CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER. Notwithstanding anything herein to the contrary, the obligations of Seller to consummate the Closing are subject to the fulfillment, at or prior to the Closing, of the following conditions precedent unless (but only to the extent) waived in writing by Seller at or prior to the Closing:

8.1 Representations/Warranties; Covenants; Certificate. The representations and warranties of Buyer contained in this Agreement shall be true in all material respects when made and, when read in light of any Schedules which have been updated in accordance with the provisions of **Section 10.1(b)** hereof, as of the Closing Date as though such representations and warranties had been made on and as of the Closing Date. Each and all of the terms, covenants, and conditions of this Agreement to be complied with or performed by Buyer at or before the Closing pursuant to the terms hereof shall have been duly complied with and performed in all material respects.

8.2 Pre-Closing Confirmations. Seller shall have obtained documentation or other evidence satisfactory to Seller in its reasonable discretion that Seller has:

(a) Received the no-action letter from the Tennessee AG as described in **Sections 5.2** and **6.1**; and

(b) Received confirmation from all applicable licensure agencies that upon the Closing all Necessary Licenses (as defined above) required by law to operate the Hospital would be issued or reissued in the name of Buyer.

8.3 Actions/Proceedings. No action or proceeding before a court of competent jurisdiction shall have been instituted by a Government Entity and be pending that seeks to restrain or prohibit the consummation of the transactions herein contemplated, and no order issued by a court of competent jurisdiction restraining or prohibiting the consummation of the transactions herein contemplated shall be in effect.

8.4 Insolvency. Buyer shall not (i) be in receivership or dissolution, (ii) have made any assignment for the benefit of creditors, (iii) have admitted in writing its inability to pay its debts as they mature, (iv) have been adjudicated a bankrupt, or (v) have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization, or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state, nor shall any such petition have been filed against Buyer.

8.5 [Reserved].

8.6 Closing Deliveries. Buyer shall have made the deliveries required to be made by it under **Section 2.3** hereof.

9. ADDITIONAL AGREEMENTS.

9.1 Termination Prior to Closing.

(a) Notwithstanding anything herein to the contrary, this Agreement may be terminated at any time prior to consummation of the Closing: (i) by mutual written consent of Seller and Buyer; (ii) by Buyer, if satisfaction of any condition to Buyer's obligations under **Section 7** of this Agreement becomes impossible or impractical with the use of commercially reasonable efforts (unless the failure results primarily from Buyer breaching or failing to perform any representation, warranty or covenant herein) and such condition shall not have been waived by Buyer; (iii) by Seller, if satisfaction of any condition to Seller's obligations under **Section 8** of this Agreement becomes impossible or impractical with the use of commercially reasonable efforts (unless the failure results primarily from Seller breaching or failing to perform any representation, warranty, or covenant herein) and such condition shall not have been waived by Seller; (iv) by Buyer or Seller, if the Closing shall not have taken place on or before October 1, 2013 (provided, however, that the right to terminate this Agreement pursuant to this **Section 9.1(a)** is not available to any party whose breach or failure to perform any representation, warranty or covenant herein has been the primary cause of the failure of the Closing to occur by such date); (v) by either Seller or Buyer pursuant to **Section 10.1(b)** hereof; or (vi) by Buyer or Seller, if any judgment, injunction, order or decree of any Government Entity that renders illegal

or otherwise prohibits the consummation of the transactions contemplated by this Agreement is entered and such judgment, injunction, order or decree shall become final and nonappealable.

(b) If this Agreement is terminated pursuant to **Section 9.1(a)**, all obligations of the parties under this Agreement shall terminate, this Agreement will thereupon be void and there shall be no liability or obligation hereunder on the part of any party hereto, except that the obligations of the parties in this **Section 9.1(b)** and **Section 10** (except **Section 10.19**) shall survive; provided, however, that if this Agreement is terminated because of a willful and material breach of this Agreement by a non-terminating party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of a non-terminating party's willful and material failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

9.2 Further Assurances. In case at any time after the Closing any further action is necessary or desirable to carry out the purposes of this Agreement, each party will take such further action (including the execution and delivery of such further instruments and documents) as any other party reasonably may request in order to further evidence the consummation of the transactions contemplated hereunder. The cost of which shall be borne by the requesting party.

9.3 Operation of the Hospital. Buyer agrees to the following covenants with respect to the operation of the Hospital, and will require any successor owner of the Hospital to assume the obligation to perform such covenants to the extent they have not been fulfilled:

(a) **Hospital Personnel.** For a period beginning on the Hospital Reopening Date and ending ten (10) years thereafter, Buyer agrees that the Hospital will employ an adequate number of experienced personnel, based on the services provided by the Hospital. Buyer agrees to give preference to qualified local candidates, in particular former Hospital personnel, when appropriate.

(b) **Hospital Advisory Board.** At Closing, Buyer shall appoint an advisory board for the Hospital, which will include strong local representation including the Scott County Mayor or designee, as an ex-officio member. The advisory board shall continue as described for no less than ten (10) years.

(c) [Reserved].

(d) **Adequate Net Worth.** Buyer or any successor owner agrees to maintain an adequate net worth reasonably necessary to operate the Hospital.

(e) **Continuing to Operate the Hospital.** Except as expressly provided otherwise elsewhere herein, Buyer agrees that for a period of at least ten (10) years after the date the Hospital first becomes certified to participate in the Medicare program (the "Medicare Certification Date"), it will continuously operate and staff the Hospital as a general acute care hospital or a critical access hospital, in both cases having no less than twenty-five (25) beds in operation. Buyer agrees that the Medicare Certification Date shall occur no later than October 1, 2013, but the parties agree such date shall be extended as long as Buyer is taking reasonable

steps and acting in good faith to cause the Hospital to become certified to participate in the Medicare program, but such extended date shall not extend beyond March 22, 2014.

(f) Accreditations. For a period beginning on the Medicare Certification Date and ending ten (10) years thereafter, the Hospital continuously will remain accredited as a critical access hospital or general acute care hospital by an entity granted deeming authority by the Centers for Medicare & Medicaid Services (or its successors), or continuously will remain certified for participation in the Medicare program by the state survey agency for the State of Tennessee as a critical access hospital or general acute care hospital.

(g) Maintenance of Core Services. Buyer agrees that for a period of at least ten (10) years after the Medicare Certification Date, the Hospital shall provide the acute care and outpatient hospital services specified on Schedule 9.3(g) hereto.

(h) Indigent Care. For a period beginning on the Hospital Reopening Date and ending ten (10) years thereafter, the Hospital shall have in place, and shall follow, an indigent care policy consistent with other similarly situated hospitals in Tennessee.

(i) Hospital Privileges. For a period beginning on the Hospital Reopening Date and ending ten (10) years thereafter, the Hospital will work closely with local healthcare providers who had privileges at the Hospital prior to its closure and will grant privileges to those providers who submit credentialing applications that meet the Hospital's criteria.

(j) Compliance with Law. For a period beginning on the Hospital Reopening Date and ending ten (10) years thereafter, the Hospital will operate in all material respects in accordance with all applicable federal and state law.

(k) Force Majeure. In the event that either Buyer or its successor shall be delayed, hindered in, or prevented from the performance of any act required by this Section 9 by reason of Force Majeure, then such party give prompt written notice to the other party detailing the reasons its performance is being delayed, hindered or prevented, and the performance of such act shall be excused for the period of the delay; provided however, that the party so delayed, hindered or prevented shall use its reasonable best efforts to remedy with all reasonable dispatch the Force Majeure so delaying, hindering or preventing the party from performance to the extent such party is reasonably or practically able to do so, except that such party shall in no event be required to settle strikes, lock-outs or other disputes or disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of such party, unfavorable to such party. "Force Majeure" shall mean any strikes, picket lines, boycotts, lockouts, power failure, acts of God, enemy action, revolution, riots, insurrections, civil commotion, fires, floods, freezes, accidents, unavoidable casualty, inability to obtain supplies or labor, scarcity or rationing of gasoline or other fuel or vital products or personnel, or other causes reasonably beyond the control of the party responsible for performing an obligation in this Section 9.3, provided that lack of funds shall not be deemed a cause beyond the control of either party hereto.

(l) Except as provided in Section 3.6(c), notwithstanding anything to the contrary set forth elsewhere herein, if, at any time after the date that is two (2) years after the Medicare Certification Date, there is a material change in the law or regulations governing the

Medicare program and other federally funded governmental reimbursement programs that renders the Hospital insolvent or otherwise, in the reasonable judgment of Buyer, makes it financially unfeasible for the Hospital to continue operations as either a general acute care hospital or a critical access hospital, then Buyer may cease operations as either a general acute care hospital or a critical access hospital and either (a) operate in such manner and provide such services as would prevent the Hospital from being insolvent or permit the Hospital to operate in a financially feasible manner or (b) cease operations; provided, however, no less than 60-days prior to Buyer taking any action pursuant to this **Section 9.3(l)**, Buyer shall provide Seller with written notice of such intended action and all documents supportive of the same, deliver to Seller readily available funds in sufficient amount to pay any remaining balance due on the USDA Loan, and shall negotiate in good faith with Seller, and such others as Seller may designate, on alternative actions other than such intended by Buyer in its notice; provided, further, however, that in the event that there is a breach of any of the Restrictive Covenants which occurs during the period after two (2) years after the Medicare Certification Date and before six (6) years after the Medicare Certification Date (which breach shall be determined without regard to the provisions earlier in this Section 9.3(l)) then the damages for which Buyer shall pay to Seller shall be no greater than the value of the Real Property less depreciation since the Closing and less any improvements to the Real Property by Buyer.

9.4 Guaranty. Pioneer Health Services, Inc., hereby guarantees the full and faithful performance and obligations of the Buyer under **Sections 4, 6, 7**, and this **Section 9** of this Agreement (the "Guaranteed Obligations"). The Guaranteed Obligations shall survive the Closing for a period of ten (10) years after the Medicare Certification Date. It is understood and agreed by the Pioneer that this guaranty is an unconditional and irrevocable guaranty of payment and performance of the Guaranteed Obligations and, so long as prior written notice is provided to the Buyer, may be enforced directly against Pioneer as a primary obligation of it, and that any waiver by Seller of any of the terms, provisions or conditions of this Agreement or any amendment or modification of this Agreement, or the granting of indulgences or extension of time to the Buyer, may be made and done from time to time without notice to Pioneer, and the Pioneer's obligations under this guaranty will continue subject to such waiver, amendment or modification, indulgence or extension of time.

10. MISCELLANEOUS.

10.1 Schedules and Other Instruments.

(a) Each Schedule and Exhibit to this Agreement shall be considered a part hereof as if set forth herein in full.

(b) From the Execution Date until consummation of the Closing on the Closing Date, Seller or Buyer may update their respective disclosure Schedules, subject to the other party's approval rights described below in this **Section 10.1(b)**. If Seller or Buyer, in its reasonable discretion, determines that it should not consummate the transactions contemplated by this Agreement because of any amended, updated or new information contained in a disclosure Schedule that is delivered to such party by the other such party after the Execution Date, and such amended, updated or new disclosure Schedule contains material and adverse modifications to the Schedule or to such other party's representations and warranties as delivered

or made pursuant to this Agreement on the Execution Date, then the recipient party may terminate this Agreement at or before the Closing by giving written notice of termination to the other such party within ten (10) business days after the date of delivery of such amended, updated or new disclosure Schedule. If the party receiving such amended, updated or new disclosure Schedule does not elect to so terminate this Agreement within such time period or proceeds to and consummates the Closing, then such party shall be deemed to have irrevocably waived the right to terminate this Agreement with respect to such matter and further, shall have irrevocably accepted the amended, updated or new disclosure Schedule and all matters stated therein.

10.2 Consents, Approvals and Discretion. Except as herein expressly provided to the contrary, whenever this Agreement requires any consent or approval to be given by a party, or whenever a party must or may exercise discretion, the parties agree that such consent or approval shall not be unreasonably withheld, conditioned or delayed and such discretion shall be reasonably exercised.

10.3 Legal Fees and Costs. In the event a party elects to incur legal expenses to enforce or interpret any provision of this Agreement by judicial proceedings, the prevailing party will be entitled to recover such legal expenses, including without limitation reasonable attorneys' fees, costs and necessary disbursements at all court levels.

10.4 Choice of Law. The parties agree that this Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee without regard to conflict of laws principles.

10.5 Benefit/Assignment. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors, and assigns. It is agreed and acknowledged that Pioneer Health Services, Inc., at its sole discretion, may assign its rights and delegate its obligations under this Agreement to any entity under common ownership or control as Pioneer by providing written notice of assignment to Seller identifying the assignee, and such assignee or assignees shall be deemed to be the "Buyer" for purposes of this Agreement; provided, however, any assignment shall not release Pioneer Health Services, Inc. of its obligations under Section 9.4.

10.6 Cost of Transaction. Each party shall be responsible for its own respective costs related to the consummation of this transaction, including, but not limited to, due diligence costs, title fees, and costs related to obtaining licenses, certifications and permits.

10.7 Risk of Fire and Condemnation. If, prior to Closing, all or any portion of the Real Property is materially damaged by fire or other casualty, Seller shall give Buyer prompt written notice thereof and Buyer shall have the option of (a) terminating this Agreement without further obligation hereunder, or (b) purchasing the Assets without adjustment of the Purchase Price, provided that in such event all right, title and interest of Seller in and to all insurance proceeds with respect to the Assets shall be assigned to Buyer. If, prior to Closing, eminent domain proceedings shall be commenced by any competent public authority against all or any portion of the Real Property, Seller shall promptly give Buyer written notice thereof. After receiving such notice, Buyer shall have the option of (i) purchasing the Assets subject to the

proceedings, without reduction of the Purchase Price, whereupon any awards attributable to Seller's interest in the Assets shall be paid to Buyer, or (ii) terminating this Agreement without further obligation hereunder. If Seller does not receive a written response from Buyer within ten (10) days following the date that Seller gives such written notice to Buyer, then Buyer shall be conclusively deemed to have elected the option described in clause (b) or (i) above, as the case may be.

10.8 Waiver of Breach. The waiver by any party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or any other provision hereof.

10.9 Notice. Any notice, demand, or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by receipted overnight delivery, or five (5) days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to Seller:	Scott County Board of Commissioners 2845 Baker Highway Huntsville, TN 37756 Attn: Mayor Jeff Tibbals
with a copy to:	Scott County, Attorney 447 Baker Highway, Suite 4 Huntsville, TN 37756-0302 Attn: John H. Beaty
With a copy to:	Harwell Howard Hyne Gabbert & Manner, P.C. 333 Commerce Street, Suite 1500 Nashville, TN 37201 Attn: Ernest E. Hyne, II
If to Buyer:	Pioneer Health Services, Inc. P.O. Box 1100 110 Pioneer Way Magee, MS 39111 Attn: Joseph McNulty, President
with a copy to:	Baker, Donelson, Bearman, Caldwell & Berkowitz, PC 3414 Peachtree Road, N.E., Suite 1600 Atlanta, GA 30326 Attn: Thomas William Baker

or to such other address, and to the attention of such other person or officer as any party may designate for itself, with copies thereof to the respective counsel thereof as notified by such party.

10.10 Severability. In the event any provision of this Agreement is held to be invalid, illegal or unenforceable for any reason and in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice, or disturb the validity of the remainder of this Agreement, which shall be and remain in full force and effect, enforceable in accordance with its terms.

10.11 Gender and Number. Whenever the context of this Agreement requires, the gender of all words herein shall include the masculine, feminine and neuter, and the number of all words herein shall include the singular and the plural.

10.12 Divisions and Headings. The division of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

10.13 No Punitive Damages. No party hereto shall be liable to any other party hereto for any exemplary or punitive damages in connection with this Agreement or any of the transactions contemplated hereby, other than exemplary or punitive damages paid or payable to a third party pursuant to a third party claim.

10.14 Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE INCLUDING, BUT NOT LIMITED TO, THE CONSTITUTION OF THE UNITED STATES OR ANY STATE THEREIN, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATIONS. EACH PARTY HERETO ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHT TO DEMAND TRIAL BY JURY.

10.15 No Inferences. Inasmuch as this Agreement is the result of negotiations between sophisticated parties of equal bargaining power represented by counsel, no inference in favor of, or against, any party shall be drawn from the fact that any portion of this Agreement has been drafted by or on behalf of such party.

10.16 No Third Party Beneficiaries. The terms and provisions of this Agreement are intended solely for the benefit of the parties hereto and their respective permitted successors or assigns, and it is not the intention of the parties to confer, and this Agreement shall not confer, third-party beneficiary rights upon any other person.

10.17 Enforcement of Agreement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions (without the need to post bond or other security) to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled hereunder.

10.18 Entire Agreement; Amendment; Counterparts. This Agreement supersedes all previous contracts or understandings, including any offers, letters of intent, proposals or letters of understanding between or among the parties hereto, and constitutes the entire agreement of whatsoever kind or nature existing between or among the parties respecting the within subject matter, and no party shall be entitled to benefits other than those specified herein. As between or among the parties, no oral statements or prior written material not specifically incorporated herein shall be of any force and effect. The parties specifically acknowledge that in entering into and executing this Agreement, the parties rely solely upon the representations and agreements contained in this Agreement and no others. All prior representations or agreements, whether written or verbal, not expressly incorporated herein are superseded, and no changes in or additions to this Agreement shall be recognized unless and until made in writing and signed by all parties hereto. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument. The exchange of copies of this Agreement and of signature pages by facsimile or electronic mail transmission shall constitute effective execution and delivery of this Agreement and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile or electronic mail shall be deemed to be their original signatures for all purposes.

10.19 Disclaimer of Warranties. Except as expressly set forth in **Section 3** hereof, the Assets transferred to Buyer will be conveyed by Seller and accepted by Buyer in their physical condition as of the Closing Date, "AS IS, WHERE IS AND WITH ALL FAULTS, DEFECTS, IMPERFECTIONS, AND NONCOMPLIANCE WITH LAWS" AND WITH NO WARRANTIES (INCLUDING WITHOUT LIMITATION ANY WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION WITH RESPECT TO THE REAL PROPERTY, AND NO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ANY PERSONAL PROPERTY AMONG THE ASSETS), any and all of which warranties (both express and implied) Seller hereby disclaims and Buyer acknowledges on which it has not relied.

10.20 No Compensation for Referrals. Neither this Agreement nor any other agreement entered into in connection with the transactions contemplated by this Agreement requires, is payment for, or is contingent upon the admission or referral of any patient to, or the provision of any item or medical services by, any person or facility. The parties acknowledge that no person who may directly or indirectly receive any benefit from the transactions contemplated by or referred to in this Agreement has any obligation to refer patients to Buyer, the Hospital or any other health care facility owned by Buyer.

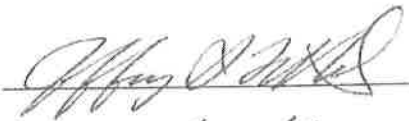
10.21 Knowledge of Seller. To the extent that phrases are used herein such as "Seller's knowledge," "to the knowledge of Seller," "to the best of Seller's knowledge and belief" or phrases of similar import, the same shall mean the actual knowledge of Mayor Jeff Tibbals and John Beaty.

[Remainder of Page Intentionally Left Blank. Signature Page Follows.]


[Signature Page to Asset Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in multiple originals by their authorized officers, all as of the date first above written.

SCOTT COUNTY

By: 
Title: Scott Co. Mayor

PIONEER HEALTH SERVICES, INC.

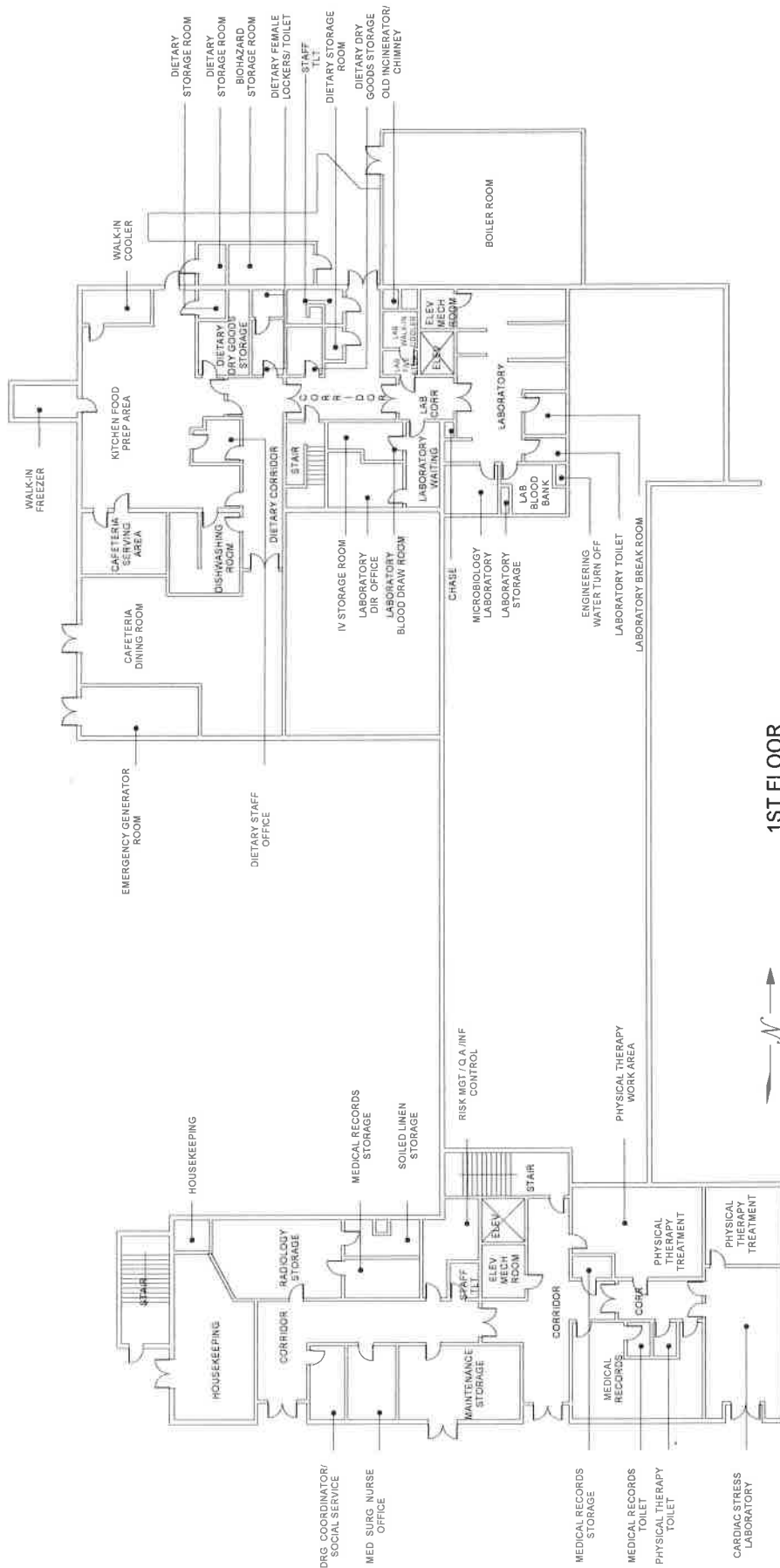
By: 
Title: PRESIDENT

Attachment B.

III. A Plot Plan of Pioneer Community Hospital of Scott

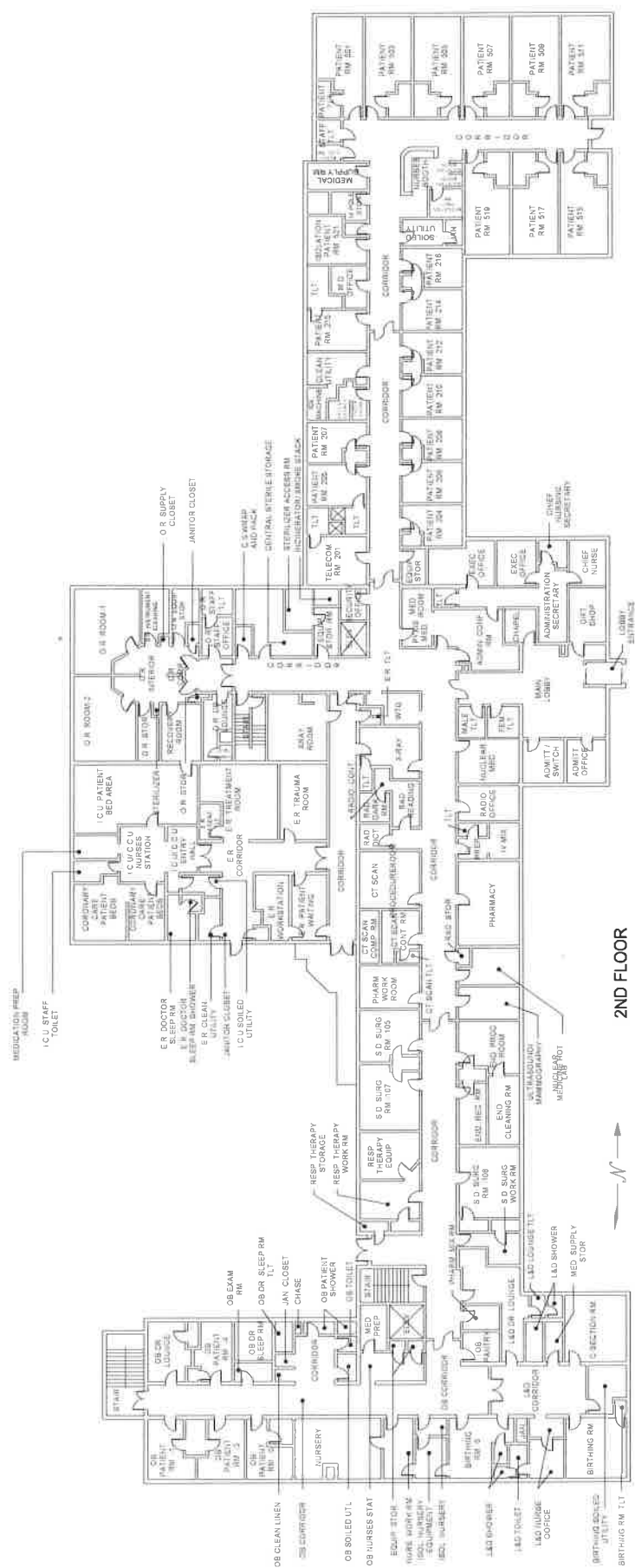
Attachment B.

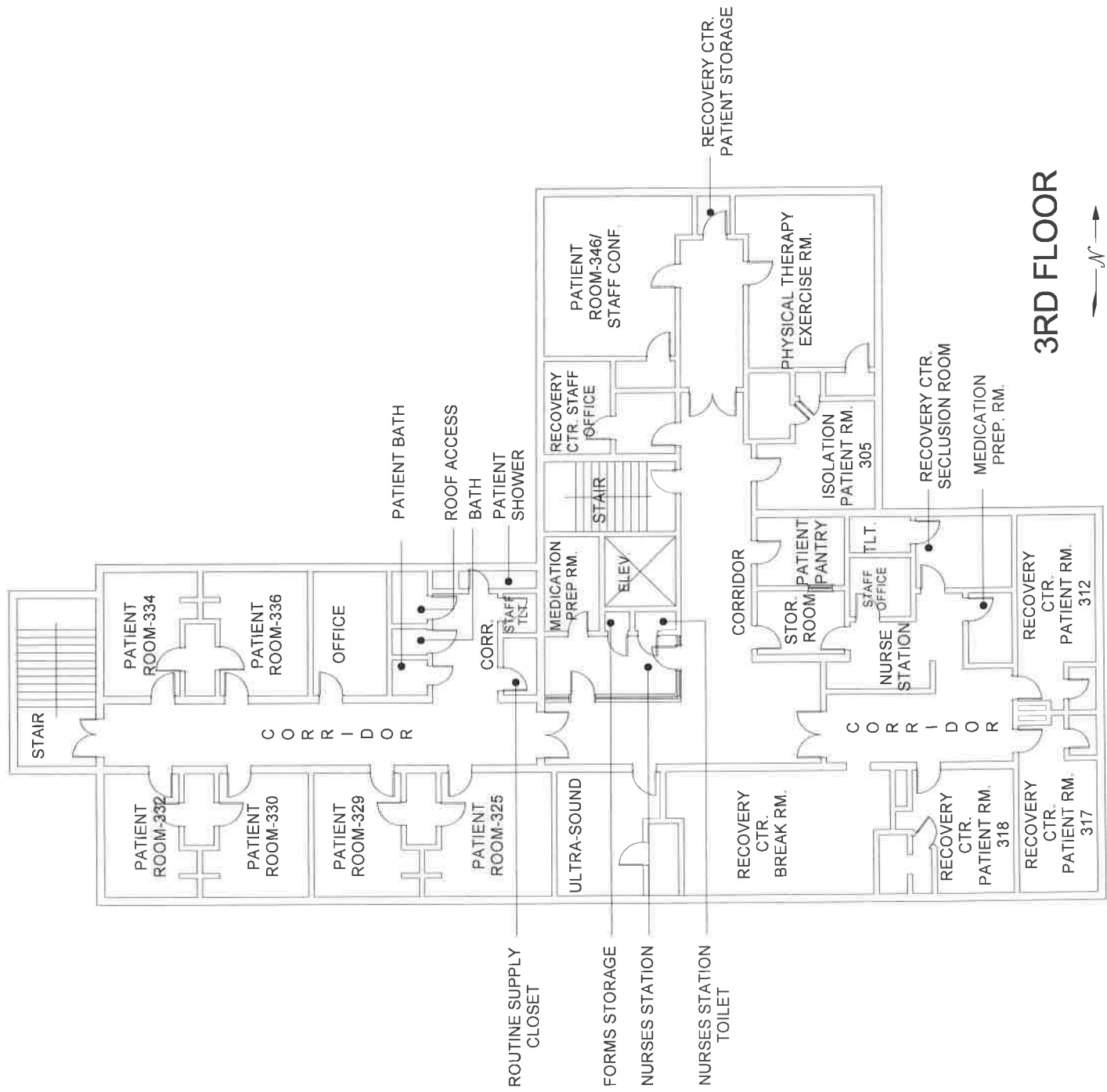
IV. Floor Plans of Pioneer Community Hospital of Scott



1ST FLOOR







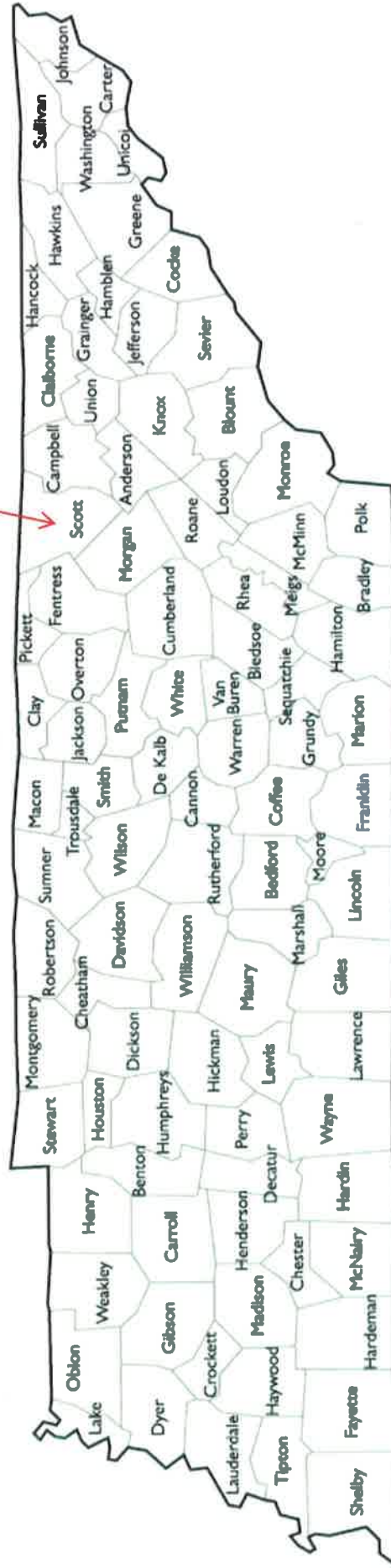
Attachment C.

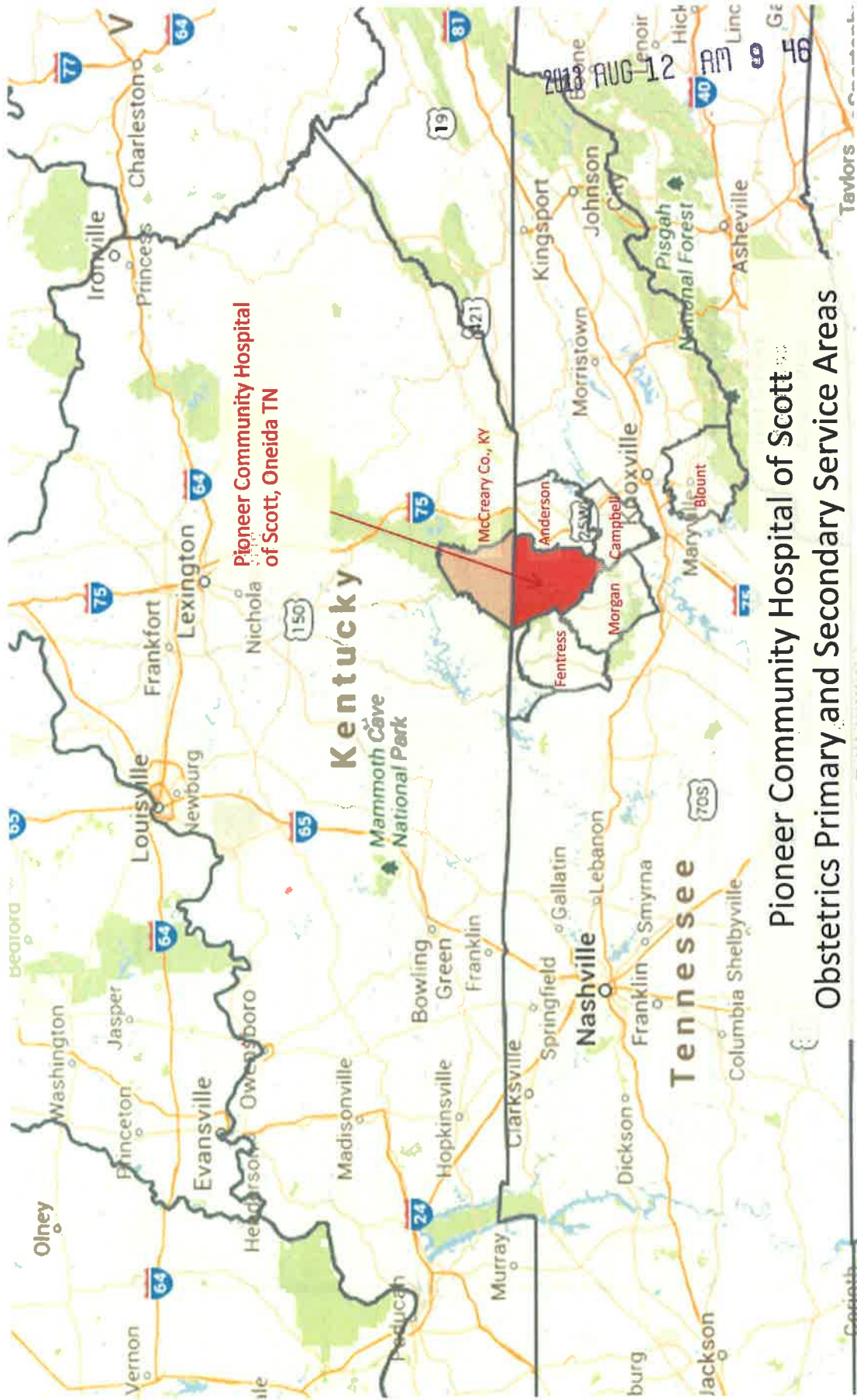
Need-3

Map of Scott County, Tennessee

Service Area Map for Pioneer Community Hospital of Scott

Pioneer Community
Hospital of Scott,
Oneida TN





Pioneer Community Hospital of Scott
Obstetrics Primary and Secondary Service Areas

Attachment C

Economic Feasibility-10

Income Statements and Balance sheets for St. Mary's of Scott (2010) and Scott County Hospital (2011)

S T M A R Y S M E D I C A L C E N T E R O F S C O T T C O
CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR 11TH MONTH ENDED
NOVEMBER 30, 2010

F Y

DATE: 12/10/10
TIME: 10:54:31

ACTUAL	MONTH BUDGET	PR. YR.	ACTUAL	YEAR-TO-DATE BUDGET	PR. YR.
670,819	721,106	614,441	Patient Revenue:		
1,490,751	1,992,682	1,368,567	Inpatient Routine	6,872,065	8,094,195
3,203,822	3,249,584	3,369,258	Inpatient Ancillary	14,754,566	18,799,175
			Outpatient	37,218,079	33,833,340
5,365,392	5,963,372	5,352,266	Total Patient Revenue	58,844,710	60,726,710
			Deductions From Revenue:		
932,680	1,682,057	1,389,603	I/P Contractuals	10,601,806	17,056,831
2,356,292	2,499,629	3,025,790	O/P Contractuals	28,335,753	26,311,729
			Prior Year Adjustments	00	00
			Total Deductions From Revenue	38,937,559	43,368,560
3,288,972	4,181,686	4,415,393	Net Patient Revenue	19,907,151	17,358,150
2,076,420	1,781,686	936,873	Other Revenue	72,647	161,943
10,960	7,333	27,795	Net Revenue	19,979,798	17,520,093
2,087,380	1,789,019	964,568	Operating Expenses:		
			Salaries & Wages	6,232,307	7,474,090
587,238	631,037	645,015	Benefits	2,121,245	1,233,855
206,348	190,145	121,922	Contract Labor	4,203,701	44,258
930	3,415	4,710	Provision for Bad Debts	2,858,933	2,082,150
362,164	267,668	(7,512)	Supplies	1,856,116	2,081,620
159,376	387,893	176,028	Purchased Services	3,612,781	3,559,001
318,474	343,617	244,590	Repairs & Maintenance	740,213	802,175
49,937	12,811	80,394	Physician Recruiting	140,403	153,824
1,667	15,660	14,875	Leases & Rentals	1,030,382	1,575,412
86,672	107,417	106,000	Other Operating Expenses	742,889	1,037,599
45,665	82,199	67,749	Total Operating Expenses	20,772,403	20,003,984
1,818,471	1,900,162	1,423,771	EBITDA before RE Lease	(792,605)	(2,483,891)
			Margin %	(3.97)	(14.18)
288,909	(111,143)	(459,103)	Real Estate Lease	00	116,658
12,88	(6.21)	11,666	EBITDA FROM CONT. OPERATIONS	(792,605)	(2,600,549)
			Depreciation & Amortization	277,507	342,351
268,909	(122,809)	(470,769)	Interest	521,695	245,813
15,618	29,465	32,873	Inc/Loss from Disc Operation	00	00
48,909	23,000	34,373	Impairment Expense	00	00
			Total Non Operating Exp	799,202	588,164
			Income before Taxes	(1,591,807)	(3,188,713)
64,527	52,465	67,246	Income Taxes	00	00
204,382	(175,274)	(538,015)	Net Income	(1,591,807)	(3,188,713)
			Acc Prefd Dividends/Accretion	00	00
204,382	(175,274)	(538,015)	Net Income Attributable to	(1,591,807)	(3,188,713)
			Net Common Shareholders	(1,591,807)	(3,188,713)
204,382	(175,274)	(538,015)	STATISTICS & OTHER DATA		
			Admissions	1,752	1,840
147	170	157	Adjusted Admissions	4,787	4,228
364	374	423	Net Rev / AA	5,024	4,144
5,735	4,783	2,281	Patient Days	13,691	5,294
432	536	446	Adjusted Patient Days	15.0	14,559
1,221	1,178	1,204	ADC	17.1	15.1
16.4	17.9	14.9	Net Rev / APD	1,459	1,203
1,710	1,519	801	ALOS	2.87	3.48
3.35	3.15	2.84	O/P Regs Incl All Visits	30,898	31,720
2,681	3,366	2,821	ER Visits	13,820	13,666
1,182	1,107	1,231	I/P Surgeries	155	230
7	25	16	O/P Surgeries	836	912
69	100	90	Clinic/RHC/Home Health Visits	4,989	7,865
			Total Paid & Contract FTEs	177	201
182	441	689	Total Paid/Contract FTE/AADC	191	4.6
4.5	4.9	4.8	Total Paid/Contract Hrs / AA	5.0	91
86	86	78	Total Paid/Contract Hrs / APD	29	26
26	27	27	Total Wrkd Fte's	155	176
164	174	171	Total Wrkd Hrs / AA	62	79
77	79	69			

S T M A R Y S M E D I C A L C E N T E R O F S C O T T C O U N T Y
CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR THE PERIOD ENDING NOVEMBER 30, 2010

DATE: 12/10/10
TIME: 10:54:36

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Patient Revenue:													
Inpatient Routine	649,187	576,108	628,172	661,932	567,543	636,029	582,261	572,219	673,362	654,433	570,819	0	6,872,065
Inpatient Ancillary	1,317,003	1,319,025	1,267,195	1,548,073	1,298,788	1,444,207	1,279,874	1,127,102	1,355,496	1,307,052	1,490,751	0	14,754,566
Outpatient	2,958,159	2,937,561	3,686,043	3,447,438	3,337,660	3,483,940	3,553,803	3,772,022	3,535,526	3,260,096	3,203,822	0	37,218,080
Total Patient Revenue	4,964,359	4,832,694	5,583,410	5,657,443	5,203,991	5,564,176	5,415,938	5,471,343	5,564,384	5,221,581	5,365,392	0	58,844,711
Deductions From Revenue:													
I/P Contractuals	1,406,739	1,030,916	941,104	1,280,802	1,117,373	1,674,189	246,397	910,668	846,549	214,690	932,680	0	10,601,807
O/P Contractuals	1,943,168	2,331,499	2,786,946	2,735,570	2,554,500	2,757,803	2,792,411	2,878,554	2,733,748	2,465,262	2,356,292	0	28,335,753
Prior Year Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Deductions From Revenue	3,349,907	3,362,415	3,728,050	4,016,072	3,671,873	4,431,992	3,038,808	3,789,222	3,580,297	2,679,952	3,288,972	0	38,937,560
Net Patient Revenue	1,614,452	1,470,279	1,855,360	1,641,371	1,532,118	1,132,184	2,377,130	1,682,121	1,984,087	2,541,629	2,076,420	0	19,907,151
Other Revenue	5,315	(17,852)	32,126	3,088	10,349	(10,075)	5,597	7,094	18,793	6,851	10,960	0	72,646
Net Revenue	1,619,767	1,452,427	1,887,486	1,644,459	1,542,467	1,122,109	2,382,727	1,689,215	2,002,880	2,548,480	2,087,380	0	19,979,797
Operating Expenses:													
Salaries & Wages	589,926	523,106	568,818	565,520	570,713	551,973	571,579	559,608	563,039	580,788	587,238	0	6,232,308
Benefits	168,297	171,546	242,191	209,979	201,964	175,094	199,743	201,745	196,588	195,750	206,348	0	2,171,245
Contract Labor	2,316	6,816	6,150	4,200	4,920	3,216	4,584	6,942	2,508	5,072	930	0	42,366
Provision for Bad Debt	420,290	486,916	554,933	432,022	287,256	39,877	431,833	311,982	415,417	461,012	322,164	0	4,203,702
Supplies	161,928	150,572	175,063	162,316	140,047	157,505	204,953	163,095	197,077	184,183	153,576	0	1,856,135
Purchased Services	299,238	274,238	382,439	330,447	359,090	324,086	364,844	309,687	332,720	317,520	348,474	0	3,612,783
Repairs & Maintenance	88,992	47,455	140,864	75,861	65,816	65,544	49,778	58,675	51,789	45,505	49,937	0	740,216
Physician Recruiting	19,430	20,080	19,393	13,531	8,333	51,303	1,667	1,667	1,667	1,667	1,667	0	140,405
Leases & Rentals	103,535	106,518	103,972	96,817	110,158	84,463	83,835	78,918	89,779	85,715	86,672	0	1,030,382
Other Operating Expenses	113,529	32,132	72,250	74,226	53,657	71,698	83,370	71,041	68,298	57,024	45,665	0	742,890
Total Operating Expenses	1,967,481	1,819,379	2,266,073	1,965,639	1,798,846	1,523,859	1,996,186	1,763,360	1,920,882	1,932,236	1,818,471	0	20,772,412
EBITDA before RE Lease	(347,714)	(366,952)	(378,587)	(321,180)	(256,379)	(401,750)	386,941	(74,145)	81,998	616,244	268,909	0	(792,615)
Real Estate Lease	0	0	(20,06)	(19,53)	(16,62)	(35,80)	16,24	(4,39)	4,09	24,18	12,88	0	(3,97)
EBITDA FROM CONT. OPERAT	(347,714)	(366,952)	(378,587)	(321,180)	(256,379)	(401,750)	386,941	(74,145)	81,998	616,244	268,909	0	(792,615)
Depreciation & Amortiz	31,966	32,078	31,893	31,893	31,892	31,893	23,686	15,485	15,485	15,618	15,618	0	277,507
Interest	41,351	39,183	41,445	43,788	45,685	48,612	50,747	53,081	55,323	53,572	48,909	0	521,696
Inc/Loss from Disc Ope	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non Operating Exp	73,317	71,261	73,338	75,681	77,577	80,505	74,433	68,566	70,808	69,190	64,527	0	799,203
Income before Taxes	(421,031)	(438,213)	(451,925)	(396,861)	(333,956)	(482,255)	312,508	(142,711)	11,190	547,054	204,382	0	(1,591,818)
Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	(421,031)	(438,213)	(451,925)	(396,861)	(333,956)	(482,255)	312,508	(142,711)	11,190	547,054	204,382	0	(1,591,818)
Acc Pfd Dividends/Accr	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income Attributable Common Shareholders	(421,031)	(438,213)	(451,925)	(396,861)	(333,956)	(482,255)	312,508	(142,711)	11,190	547,054	204,382	0	(1,591,818)
STATISTICS & OTHER DATA													
Admissions	178	146	181	162	154	164	164	155	149	152	147	1752	
Adjusted Admissions	449	372	533	414	429	438	477	499	408	404	364	4787	
Net Rev / AA	3607	3904	3541	3972	3595	2562	4996	3385	4909	6308	5735	4174	
Patient Days	485	420	443	476	410	472	426	434	502	464	492	5024	
Adjusted Patient Days	1224	1071	1305	1218	1143	1262	1239	1397	1376	1235	1221	13691	
ADC	15.6	15.0	14.3	15.9	13.2	15.7	13.7	16.7	16.7	15.0	16.4	15.0	
Net Rev / APD	1323	1356	1446	1350	1349	889	1923	1209	1456	2064	1710	1459	
ALOS	2.72	2.88	2.45	2.94	2.66	2.88	2.60	2.80	3.37	3.05	3.35	2.87	
O/P Regs Incl All Visits	2653	2404	3154	2959	2839	2894	2909	2984	2732	2689	2381	30898	
ER Visits	1145	1043	1367	1275	1296	1310	1310	1352	1308	1250	1182	13820	
I/P Surgeries	18	25	6	17	14	17	5	13	17	18	7	155	
O/P Surgeries	77	78	86	96	80	68	77	86	65	54	69	836	
Clinic/RHC/Home Health V													
Total Paid & Contract Pte	173	178	176	176	176	176	175	174	177	178	182	177	
Total Paid/Contract Pte	4	4	4	4	4	4	4	4	4	4	4	4	
Total Paid/Contract Pte	68	77	58	74	65	69	65	62	74	78	86	70	
Total Paid/Contract Hrs	25	27	25	27	27	25	27	22	22	26	26	25	
Total Wkd Pte's	141	159	156	149	147	154	154	158	158	160	164	155	
Total Wkd Hrs / AA	56	68	52	66	66	58	54	55	66	70	77	62	

THIS MONTH

LAST MONTH

INCR/ (DECR)

ASSETS

Current Assets:				
Cash and cash equivalents	\$ 2,827,239	\$ 2,701,538	\$ 125,701	
Accounts receivable	3,518,987	3,232,430	286,557	
Less: Allowance for bad debts	(457,575)	(418,132)	(39,443)	
Net Accounts Receivable	3,061,412	2,814,298	247,114	
Cost Report Settlement	(773,438)	440,032	(1,213,470)	
Supplies	638,659	641,729	(3,070)	
Deferred income taxes	00	00	00	
Prepaid expenses	16,567	22,789	(6,222)	
Other current assets	126,156	146,095	(19,939)	
Current assets from Disc. Ops	00	00	00	
Total Current Assets	5,896,595	6,766,481	(869,886)	
Property & Equipment:				
Land and improvements	2,080	2,080	00	
Buildings and improvements	12,850	12,850	00	
Equipment and fixtures	3,240,949	3,240,949	00	
Leasehold improvements	00	00	00	
Construction in progress	00	00	00	
Less accumulated depreciation	3,255,879	3,255,879	00	
	(2,582,982)	(2,567,364)	(15,618)	
Net Property and Equipment	672,897	688,515	(15,618)	
Prepaid rent	00	00	00	
Investment in subs	00	00	00	
Goodwill	1,411,557	1,411,557	00	
Unallocated purchase price	00	00	00	
Loan costs	00	00	00	
Other assets	36,667	38,334	(1,667)	
	\$ 8,017,716	\$ 8,904,887	\$ (887,171)	

LIABILITIES & EQUITY

Current Liabilities:				
Current maturities of LTD	00	00	00	
Accounts payable	385,580	419,662	(34,082)	
Accrued salaries & benefits	727,381	670,502	56,779	
Accrued interest	00	00	00	
Other accrued expenses	25,060	26,846	(1,786)	
Income taxes	00	00	00	
Liabilities held for sale	00	00	00	
Total Current Liabilities	1,138,021	1,117,110	20,911	

ST. ARYS MEDICAL CENTER OF SCOTT COUNTY
 BALANCE SHEET (B88)
 AT
 NOVEMBER 30, 2010

DATE: 12/10/10
 TIME: 10:54:42

	THIS MONTH	LAST MONTH	INCR/ (DECR)
Long-term debt	\$ 00	\$ 00	00
Deferred income taxes	00	00	00
Other liabilities	20,314	20,314	00
Intercompany	14,356,006	15,468,473	(1,112,467)
Minority interest	00	00	00
Redeemable preferred stock	00	00	00
Accrued preferred dividends	00	00	00
Redeemable common stock	00	00	00
Additional paid-in capital	00	00	00
Stockholders' Equity:			
Common stock	00	00	00
Additional paid-in capital	00	00	00
Acc. earnings-prior year	(8,904,590)	(8,904,590)	00
Acc. earnings-current year	(1,591,808)	(1,796,193)	204,385
Other	2,999,773	2,999,773	00
Total Stockholders' Equity	(7,496,625)	(7,701,010)	204,385
	\$ 8,017,716	\$ 8,904,887	(887,171)

SCOTT COUNTY HMA LLC
CONSOLIDATED INCOME STATEMENT (UNAUDITED)
FOR 12TH MONTH ENDED
DECEMBER 31, 2011

DATE: 1/20/12
TIME: 7:43:13

ACTUAL	PR. YR.	MONTH BUDGET	PR. YR.	ACTUAL	PR. YR.	YEAR-TO-DATE BUDGET	PR. YR.
703,646	00	588,687	00	1,895,697	00	1,869,213	00
1,377,754	00	1,251,209	00	3,860,469	00	3,954,909	00
3,409,791	00	3,498,688	00	10,502,069	00	10,182,216	00
5,491,191	00	5,338,584	00	16,258,235	00	16,006,338	00
1,597,727	00	1,091,565	00	4,474,965	00	3,455,320	00
2,605,496	00	2,575,309	00	7,939,851	00	7,494,999	00
00	00	00	00	00	00	00	00
4,203,223	00	3,666,874	00	12,414,816	00	10,950,319	00
1,287,968	00	1,671,710	00	3,843,419	00	5,056,019	00
9,627	00	3,570	00	24,098	00	11,274	00
1,297,595	00	1,675,280	00	3,867,517	00	5,067,293	00
625,550	00	579,414	00	1,871,186	00	1,769,764	00
134,281	00	220,317	00	427,427	00	662,597	00
5,040	00	8,100	00	10,554	00	12,300	00
60,729	00	375,584	00	248,314	00	1,138,752	00
213,640	00	162,086	00	501,649	00	430,277	00
114,434	00	331,981	00	1,127,339	00	996,288	00
44,424	00	87,017	00	130,708	00	261,601	00
1,786	00	1,786	00	5,357	00	5,358	00
178,816	00	179,470	00	531,191	00	539,647	00
86,842	00	65,192	00	265,214	00	196,178	00
1,465,542	00	2,010,947	00	5,118,839	00	6,072,762	00
(167,947)	00	(335,667)	00	(1,251,322)	00	(1,005,469)	00
(12,94)	00	(20,04)	00	(32,35)	00	(19,84)	00
136,250	00	00	00	408,750	00	00	00
(304,197)	00	(335,667)	00	(1,660,072)	00	(1,005,469)	00
(11,975)	00	18,334	00	33,382	00	55,002	00
00	00	46,167	00	00	00	138,501	00
00	00	00	00	00	00	00	00
00	00	00	00	00	00	00	00
(11,975)	00	64,501	00	33,382	00	193,503	00
(292,222)	00	(400,168)	00	(1,693,454)	00	(1,198,972)	00
00	00	00	00	00	00	00	00
(292,222)	00	(400,168)	00	(1,693,454)	00	(1,198,972)	00
00	00	00	00	00	00	00	00
(292,222)	00	(400,168)	00	(1,693,454)	00	(1,198,972)	00
169	147	147	147	479	467	467	467
445	427	427	427	1,356	1,284	1,284	1,284
2,916	3,923	3,923	3,923	2,852	3,966	3,966	3,966
1,134	1,407	1,407	1,407	1,249	1,293	1,293	1,293
13.9	13.1	13.1	13.1	13.6	14.1	14.1	14.1
1,144	1,419	1,419	1,419	1,095	1,426	1,426	1,426
2.54	2.77	2.77	2.77	2.61	2.77	2.77	2.77
2,436	2,988	2,988	2,988	7,594	8,693	8,693	8,693
1,231	1,228	1,228	1,228	3,774	3,573	3,573	3,573
3	12	12	12	19	41	41	41
58	78	78	78	179	227	227	227
175	171	171	171	157	176	176	176
4.8	4.5	4.5	4.5	4.1	4.6	4.6	4.6
70	71	71	71	61	72	72	72
27	26	26	26	23	26	26	26
149	156	156	156	140	160	160	160
59	65	65	65	54	65	65	65

STATISTICS & OTHER DATA
Admissions 479
Adjusted Admissions 1,356
Net Rev / AA 2,852
Patient Days 1,249
Adjusted Patient Days 1,351
ADC 13.6
Net Rev / APD 1,095
ALOS 2.61
O/P Regs Incl All Visits 7,594
BR Visits 3,774
I/P Surgeries 19
O/P Surgeries 179
Clinic/RHC/Home Health Visits 157
Total Paid & Contract FTEs 4.1
Total Paid/Contract FTE/AADC 4.6
Total Paid/Contract Hrs / AA 61
Total Paid/Contract Hrs / APD 23
Total Wkld Fte's 140
Total Wkld Hrs / AA 54

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	TOTAL
Patient Revenue:													
Inpatient Routine	0	0	0	0	0	0	0	0	0	561,565	630,486	703,646	1,895,697
Inpatient Ancillary	0	0	0	0	0	0	0	0	0	1,217,187	1,365,529	1,377,754	3,860,470
Outpatient	0	0	0	0	0	0	0	0	0	3,624,479	3,467,800	3,409,791	10,502,070
Total Patient Revenue	0	0	0	0	0	0	0	0	0	5,403,231	5,363,815	5,491,191	16,258,237
Deductions From Revenue:													
I/P Contractuals	0	0	0	0	0	0	0	0	0	1,441,856	1,435,382	1,597,727	4,474,965
O/P Contractuals	0	0	0	0	0	0	0	0	0	2,705,185	2,629,171	2,605,496	7,939,852
Prior Year Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Deductions From Re	0	0	0	0	0	0	0	0	0	4,147,041	4,064,553	4,203,223	12,414,817
Total Patient Revenue	0	0	0	0	0	0	0	0	0	1,256,190	1,299,262	1,287,968	3,843,420
Other Revenue	0	0	0	0	0	0	0	0	0	6,734	7,737	9,627	24,098
Net Revenue	0	0	0	0	0	0	0	0	0	1,262,924	1,306,999	1,297,595	3,867,518
Operating Expenses:													
Salaries & Wages	0	0	0	0	0	0	0	0	0	678,978	566,658	625,550	1,871,186
Benefits	0	0	0	0	0	0	0	0	0	146,858	146,288	134,281	427,427
Contract Labor	0	0	0	0	0	0	0	0	0	1,938	3,576	5,040	10,554
Provision for Bad Debt	0	0	0	0	0	0	0	0	0	134,823	52,762	60,729	248,314
Supplies	0	0	0	0	0	0	0	0	0	207,330	80,680	213,640	501,650
Purchased Services	0	0	0	0	0	0	0	0	0	376,284	636,521	114,434	1,127,239
Repairs & Maintenance	0	0	0	0	0	0	0	0	0	39,717	46,567	44,424	130,708
Physician Recruiting	0	0	0	0	0	0	0	0	0	1,786	1,786	1,786	5,358
Leases & Rentals	0	0	0	0	0	0	0	0	0	169,177	183,197	178,816	531,190
Other Operating Expens	0	0	0	0	0	0	0	0	0	112,710	65,662	86,842	265,214
Total Operating Expenses	0	0	0	0	0	0	0	0	0	1,869,601	1,783,697	1,465,542	5,118,840
EBITDA before RE Lease	0	0	0	0	0	0	0	0	0	(606,677)	(476,698)	(167,947)	(1,251,322)
Margin &	-0.00	-0.00	-0.00	-0.00	-0.00	-0.00	-0.00	-0.00	-0.00	(48.04)	(36.47)	(12.94)	(32.35)
Real Estate Lease	0	0	0	0	0	0	0	0	0	272,500	0	136,250	408,750
EBITDA FROM CONT. OPERAT	0	0	0	0	0	0	0	0	0	(879,177)	(476,698)	(304,197)	(1,660,072)
Depreciation & Amortiz	0	0	0	0	0	0	0	0	0	30,238	15,119	(11,975)	33,382
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Inc/Loss from Disc Ope	0	0	0	0	0	0	0	0	0	0	0	0	0
Impairment Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non Operating Exp	0	0	0	0	0	0	0	0	0	30,238	15,119	(11,975)	33,382
Income before Taxes	0	0	0	0	0	0	0	0	0	(909,415)	(491,817)	(292,222)	(1,693,454)
Income Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income	0	0	0	0	0	0	0	0	0	(909,415)	(491,817)	(292,222)	(1,693,454)
Acc Pref'd Dividends/Accr	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income Attributable	0	0	0	0	0	0	0	0	0	(909,415)	(491,817)	(292,222)	(1,693,454)
Common Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0
STATISTICS & OTHER DATA													
Admissions										164	146	169	479
Adjusted Admissions										498	413	445	1356
Net Rev / AA										2536	3165	2916	2852
Patient Days										390	429	430	1249
Adjusted Patient Days										1184	1213	1134	3531
ADC	.0	.0	.0	.0	.0	.0	.0	.0	.0	12.6	13.9	13.6	13.6
Net Rev / APD										1067	1144	1154	1095
ALOS	-0.00	-0.00	-0.00	-0.00	-0.00	-0.00	-0.00	-0.00	-0.00	2.38	2.94	2.61	2.61
O/P Regs Incl All Visits										2610	2488	7594	7594
ER Visits										1277	1206	1291	3774
I/P Surgeries										8	8	3	19
O/P Surgeries										65	56	58	179
Clinic/RHC/Home Health V										125	170	175	157
Total Paid & Contract FT	.0	.0	.0	.0	.0	.0	.0	.0	.0	3.3	4.2	4.1	4.1
Total Paid/Contract FTE/										45	71	70	61
Total Paid/Contract Hrs										19	24	27	23
Total Paid/contract Hrs										112	159	149	140
Total Wrkd Fte's										40	66	59	54
Total Wrkd Hrs / AA													

	THIS MONTH	LAST MONTH	INCR/(DECR)
Cash and cash equivalents	\$ (291,652)	\$ 81,204	\$ (372,856)
Accounts receivable	4,087,049	2,851,929	1,235,120
Less: Allowance for bad debts	(248,314)	(187,585)	(60,729)
Net Accounts Receivable	3,838,735	2,664,344	1,174,391
Cost Report Settlement	(851,451)	(579,945)	(271,506)
Supplies	536,046	553,781	(17,735)
Deferred income taxes	00	00	00
Prepaid expenses	7,699	10,128	(2,429)
Other current assets	1,151,152	1,192,934	(41,782)
Current assets from Disc. Ops	00	00	00
Total Current Assets	4,390,529	3,922,446	468,083
Land and improvements	00	00	00
Buildings and improvements	00	00	00
Equipment and fixtures	1,324,374	1,368,840	(44,466)
Leasehold improvements	00	00	00
Construction in progress	00	00	00
Less accumulated depreciation	1,324,374	1,368,840	(44,466)
	(442,132)	(166,488)	(275,644)
Net Property and Equipment	882,242	1,202,352	(320,110)
Prepaid rent	00	00	00
Investment in subs	00	00	00
Goodwill	00	00	00
Unallocated purchase price	00	00	00
Loan costs	00	00	00
Other assets	(5,357)	(3,571)	(1,786)
	\$ 5,267,414	\$ 5,121,227	\$ 146,187
Current maturities of LTD	00	00	00
Accounts payable	307,641	348,440	(40,799)
Accrued salaries & benefits	474,056	366,736	107,320
Accrued interest	00	00	00
Other accrued expenses	180,342	175,327	5,015
Income taxes	00	00	00
Liabilities held for sale	00	00	00
Total Current Liabilities	962,039	890,503	71,536
Long-term debt	00	00	00
Deferred income taxes	00	00	00
Other liabilities	00	00	00
Intercompany	5,998,829	5,631,958	366,871
Minority interest	00	00	00
Redeemable preferred stock	00	00	00
Accrued preferred dividends	00	00	00
Redeemable common stock	00	00	00
Additional paid-in capital	00	00	00
Common stock	00	00	00

S C O T T C O U N T Y H M A L L C
BALANCE SHEET (B88)
AT

DATE: 1/20/12
TIME: 7:43:17

DECEMBER 31, 2011

	THIS MONTH	LAST MONTH	INCR/ (DECR)
Additional paid-in capital	\$ 00	\$ 00	00
Acc. earnings-prior year	00	00	00
Acc. earnings-current year	(1,693,454)	(1,401,234)	(292,220)
Other	00	00	00
Total Stockholders' Equity	(1,693,454)	(1,401,234)	(292,220)
	\$ 5,267,414	\$ 5,121,227	\$ 146,187

2013 AUG 12 PM 9 46
K4



State of Tennessee

Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

October 1, 2013

Eden Blackwell, Director of Corp Compliance
Pioneer Health Services, Inc.
110 Pioneer Way
Magee, MS 39111

RE: Certificate of Need Application -- Pioneer Community Hospital of Scott - CN1308-030

Dear Ms. Blackwell:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need for the discontinuance of obstetrics services at Pioneer Community Hospital of Scott. If approved, the five (5) obstetrical beds will be converted to medical/surgical beds and the licensed acute care bed complement at the hospital will remain at twenty-five (25). The estimated project cost is \$5,000.00.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.


In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on October 1, 2013. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on December 18, 2013.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill
Executive Director

MMH:mab

cc: Trent Sansing, CON Director, TDH



State of Tennessee


Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

MEMORANDUM

TO: Trent Sansing, CON Director
Office of Policy, Planning and Assessment
Division of Health Statistics
Cordell Hull Building, 6th Floor
425 Fifth Avenue North
Nashville, Tennessee 37247

FROM: Melanie M. Hill 
Executive Director

DATE: October 1, 2013

RE: Certificate of Need Application
Pioneer Community Hospital of Scott - CN1308-030

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on October 1, 2013 and end on December 1, 2013.

Should there be any questions regarding this application or the review cycle, please contact this office.

MMH:mab

Enclosure

cc: Eden Blackwell, Director of Corp Compliance



2013 AUG 9 AM 8 42

LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Scott County News which is a newspaper of general circulation in Scott County, Tennessee, on or before August 7, 2013 for one day.

(Name of Newspaper)
(County) (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency,

Pioneer Community Hospital of Scott hospital
(Name of Applicant) (Facility Type-Existing)
owned by: Pioneer Health Services, Inc. with an ownership type of Sole-Proprietorship
and to be managed by: Pioneer Health Services, Inc. intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]:

discontinuation of obstetric services affecting 5 beds. The project is estimated to cost \$5000. Pioneer Community Hospital of Scott is located at 18797 Alberta St. Oneida, TN 37841.

The anticipated date of filing the application is: August 12, 2013
The contact person for this project is Jerry Howell Regional Hospital Operations
(Contact Name) (Title)
who may be reached at: Pioneer Health Services PO Box 1100
(Company Name) (Address)
Magee MS 39111 601/849-6440
(City) (State) (Zip Code) (Area Code / Phone Number)
Jerry Howell 8/5/2013 jerryhowell@phscorporate.com
(Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
The Frost Building, Third Floor
161 Rosa L. Parks Boulevard
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



State of Tennessee

Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

August 19, 2013

Jerry Howell
Regional Hospital Operations
Pioneer Health Services, Inc.
110 Pioneer Way
Magee, MS 37841

RE: Certificate of Need Application CN1308-030
Pioneer Community Hospital of Scott – Discontinuance of Obstetrical Services

Dear Mr. Howell:

This will acknowledge our April 12, 2013 receipt of your application for a Certificate of Need for the Discontinuance of Obstetrics Services at Pioneer Community Hospital of Scott. If approved, the five (5) obstetrical beds will be converted to medical/surgical beds and the licensed acute care bed complement at the hospital will remain at twenty-five (25).

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 pm, Monday, August 26, 2013. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Filing Fee

The filing fee was overpaid \$11.25. HSDA will reimburse the applicant for the overpayment under separate cover.

2. Applicant Profile, Item 2 and Item 4

Please provide a fax number.

Please check the box that corresponds to Limited Liability Company.

Please revise the above two requests and resubmit page 1.

Please discuss the proposed organizational and business relationships among these entities in such a manner that their affiliation with the project can be understood. An organization chart will be helpful.

Please provide a list of critical access hospitals the applicant's parent company owns. Has any discontinued OB services been discontinued at any hospital owned by the parent company? How many of the critical access hospitals owned by the parent company now offers OB services? Has OB services been discontinued in the past by the applicant's parent company but was later added as financial conditions improved?

3. Applicant Profile, Item 5

Please clarify what type of management services will be offered by Pioneer Health Services, Inc. Will the applicant be self-managed or contract with an affiliated Pioneer owned affiliate?

Please provide a brief description of the management/operating entity's expertise to operate this facility/service. Brief bio's outlining areas of expertise and experience of the senior management will be helpful.

4. Applicant Profile, Item 9

Please total the bed complement chart for all columns and resubmit.

5. Applicant Profile, Item 13

Please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

6. Project Description, Item 1

Please clarify the statement "as such financial feasibility of the project in the short term is and the applicant does not believe that the successful operation of the facility will be risked by discontinuing obstetric services".

Does the applicant intend to provide OB services in the future? If so, what factors are included in that decision?

When the hospital opens will the emergency room be operational? If not when does the applicant expect it to open?

Is the hospital currently totally closed? If not, what services are currently available?

7. Section B, Project Description, Item II.B.

Describe the reasons for change in bed allocations and describe the impact the bed change will have on existing services.

8. Section B, Project Description, Item III.A. (Plot Plan)

Please submit the plot plan which outlines the location of the obstetrical department within the outline of the hospital on the plot plan.

9. Section C, Need Item 1

Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan."

10. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) A. Need 1.

Please identify all existing providers of obstetrical services in the service area.

Has the applicant notified and gained support of community leadership, other area obstetric providers, emergency conveyance services, and the general public?

11. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) A. Need 2.

Please complete the following table providing the total eligible female population and the total number of births to female residents of the service area during the most recent year that birth data is available:

Year	Female Population (age 15-44)	Births to female residents Ages 15-44
2 nd Previous Year		
Previous Year		
Current Year		
% Change		

12. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) A. Need 3.

Please re-verify the number of deliveries (24) at Scott County Hospital for 2009-2011. If needed, please submit a replacement page. If 24 is the correct number, why did deliveries drop from 126 in 2010 to 24 in 2011?

13. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) A. Need 4.

Please respond to this question using more up-to-date data. If possible, please use 2009-2012 data.

14. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) B. Need 1.

The table reflecting travel distances to alternate providers of obstetric services is noted. Please provide a source document.

15. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) B. Need 2.

For TennCare patients, please indicate the mode of transportation which will be used should OB services be discontinued.

16. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) B. Need 3.

Please define the term "all-cause admissions".

17. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) B. Need 4.

The chart titled "median Charge (\$) by facility per Service" is noted. Please clarify if the figures provided are "mean" numbers or "median" numbers. Also, please cite the source for the table.

18. Section C, Need, Item 1a. (Service Specific Criteria-Discontinuance of OB Services) B. Accessibility 5.

The application mentions the TennCare/Medicaid OB utilization at the applicant facility is estimated to have been 17% in 2011. Please provide a letter from each alternate OB delivery site in the applicant's service area and their intention and capacity to absorb services to TennCare enrollees affected by the applicant facility's discontinuation of OB services.

19. Section C, Need, Item 4.A.

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

<i>Variable</i>	<i>Scott</i>	<i>Anderson</i>	<i>Blount</i>	<i>Campbell</i>	<i>Fentress</i>	<i>Morgan</i>	<i>Service Area</i>	<i>TN</i>
<i>Current Year (CY), Age 65+</i>								
<i>Projected Year (PY), Age 65+</i>								
<i>Age 65+, % Change</i>								
<i>Age 65+, % Total (PY)</i>								
<i>CY, Total Population</i>								
<i>PY, Total Population</i>								
<i>Total Pop. % Change</i>								
<i>TennCare Enrollees</i>								
<i>TennCare Enrollees as a % of Total Population</i>								
<i>Median Age</i>								
<i>Median Household Income</i>								
<i>Population % Below Poverty Level</i>								

20. Section C, Need, Item 4.B.

Please indicate if the primary and secondary service areas are designated as medically underserved areas.

21. Section C, (Economic Feasibility) Item 2

Please provide appropriate documentation (letter) of funding for the proposed project from the Chief Financial Officer.

22. Section C, (Economic Feasibility) Item 4 (Projected Data Chart)

Please provide an additional Projected Data Chart for the entire facility for the next two years as if the discontinuance of the Obstetrical Services Program were not approved by the Agency.

There are errors in the historical and projected data charts. Please correct and submit a replacement page.

The historical and projected data charts have been revised to include management fees. Please complete the revised historical and projected data charts at the end of this supplemental request.

23. Section C, Economic Feasibility, Item 10.

Since the proposed project will be funded by the hospital's parent company, please provide a copy of the parent company's audited financial statements for the most recently completed period for which the balance sheet and income statements are available.

24. Section C, Need, (Economic Feasibility) Item 9

Please provide the total hospital dollar amounts and percentages of total Gross Revenues from the Medicare and TennCare programs for the first year following the CON approval of discontinuance of the obstetrical program.

25. Section C, Orderly Development, Item 1

Please identify all transfer agreements with applicable hospitals and timeframe for completion.

26. Section C, Orderly Development, Item 2

Please complete the following chart for the positive and negative effects of the proposed project:

Positive Effects	Negative effects
1.)	1.)
2.)	2.)
3.)	3.)
4.)	4.)
5.)	5.)

27. Section C, Orderly Development, Item 7

Please indicate the date the applicant expects to be fully licensed.

The applicant expects to be accredited through Det Norske Veritas (DNV). Briefly describe this organization and the accreditation that is provided.

28. Project Completion Schedule

Please enter Agency projected Initial Decision Date and resubmit.

29. Registration of Medical Equipment

Please register your current medical equipment located at Pioneer Community Hospital at Scott. The medical equipment registration form is located at http://tennessee.gov/hsda/forms/Equip_Reg_Form.pdf. Please Alecia Craighead at 615-253-2782 if you have any questions.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is October 18, 2013. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the

Mr. Jerry Howell
August 19, 2013
Page 7

review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,

A handwritten signature in black ink, reading "Phillip M. Earhart". The signature is written in a cursive style with a large initial "P" and a long, sweeping horizontal line at the end.

Phillip M. Earhart
Health Services Development Examiner

Enclosure/PME

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency.
The fiscal year begins in _____ (Month).

	Year _____	Year _____	Year _____
A. Utilization Data (Specify unit of measure)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
Gross Operating Revenue	\$ _____	\$ _____	\$ _____
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ _____	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
Total Deductions	\$ _____	\$ _____	\$ _____
NET OPERATING REVENUE	\$ _____	\$ _____	\$ _____
D. Operating Expenses			
1. Salaries and Wages	\$ _____	\$ _____	\$ _____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Taxes	_____	_____	_____
5. Depreciation	_____	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Management Fees:			
a. Fees to Affiliates	_____	_____	_____
b. Fees to Non-Affiliates	_____	_____	_____
9. Other Expenses – Specify _____	_____	_____	_____
Total Operating Expenses	\$ _____	\$ _____	\$ _____
E. Other Revenue (Expenses) – Net (Specify) _____	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$ _____	\$ _____	\$ _____
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	_____	_____	_____
Total Capital Expenditures	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)			
LESS CAPITAL EXPENDITURES	\$ _____	\$ _____	\$ _____

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in _____ (Month).

	Year _____	Year _____
A. Utilization Data (Specify unit of measure)	_____	_____
B. Revenue from Services to Patients		
1. Inpatient Services	\$ _____	\$ _____
2. Outpatient Services	_____	_____
3. Emergency Services	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____
Gross Operating Revenue	\$ _____	\$ _____
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____
3. Provisions for Bad Debt	_____	_____
Total Deductions	\$ _____	\$ _____
NET OPERATING REVENUE	\$ _____	\$ _____
D. Operating Expenses		
1. Salaries and Wages	\$ _____	\$ _____
2. Physician's Salaries and Wages	_____	_____
3. Supplies	_____	_____
4. Taxes	_____	_____
5. Depreciation	_____	_____
6. Rent	_____	_____
7. Interest, other than Capital	_____	_____
8. Management Fees:		
a. Fees to Affiliates	_____	_____
b. Fees to Non-Affiliates	_____	_____
9. Other Expenses – Specify _____	_____	_____
Total Operating Expenses	\$ _____	\$ _____
E. Other Revenue (Expenses) -- Net (Specify) _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$ _____	\$ _____
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	_____	_____
Total Capital Expenditures	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	\$ _____	\$ _____
LESS CAPITAL EXPENDITURES	\$ _____	\$ _____

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES

	Year____	Year____	Year____
1.	\$_____	\$_____	\$_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
Total Other Expenses	\$_____	\$_____	\$_____

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES

	Year____	Year____
1.	\$_____	\$_____
2.	_____	_____
3.	_____	_____
4.	_____	_____
5.	_____	_____
6.	_____	_____
7.	_____	_____
Total Other Expenses	\$_____	\$_____

CIRCLE OF LIFE
OBSTETRICS & FAMILY CARE

2013 JUL 17 AM 9 47

189 Andrew Drive
P.O. Box 4908
Oneida, TN 37841
Telephone: (423) 569-3762
Fax: (423) 569-4909

To: Robert E. Cooper, JR
Tennessee Attorney General
CC: Senator Ken Yager, Kelly Keisling, Chuck Fleischmann, John Dreyzehner

From: Dr. Catherine Martin
OB/Family Physician
Oneida, TN of Scott County

Dear Mr. Cooper:


I am sure you are already aware of the needs of our poor county and the stress it has endured due to the closure of our hospital fourteen months ago. My concern is the reopening of the hospital without obstetric or surgical services. It has been brought to my attention today that the current framework Pioneer Health Systems plans to utilize to reopen the hospital is not acceptable. The state has designated that Scott County have obstetric services, but due to this area resulting in limited revenue, Pioneer has applied to cease this service until the hospital is more profitable. They do not plan to restart obstetric services for eighteen plus months from the time the facility converts to CAH. We are easily looking at July of 2015.

I implore you to look at this situation carefully. My fear is for the care of our county and its citizens. We have already had babies born en-route to a delivery facility. The uneasiness my obstetric patients have about "making it to the hospital" and my limited ability to care for their needs is heart wrenching to me. I hate to see patient care compromised by the bottom line of a multi-hospital, multimillion-dollar company.

I am asking for your help. I just do not know what we are going to do.

Thank you for your time and attention to this item.

Sincerely,



Catherine S. Martin, DO
Bu



State of Tennessee

Health Services and Development Agency

Frost Building, 3rd Floor, 161 Rosa L. Parks Boulevard, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364/Fax: 615-741-9884

September 30, 2013

Eden Blackwell
Director of Corporate Compliance
Pioneer Health Services, Inc.
110 Pioneer Way
Magee, MS 39111

RE: Certificate of Need Application CN1308-030
Pioneer Community Hospital of Scott – Discontinuance of Obstetrical Services

Dear Ms. Blackwell:

This will acknowledge our September 27, 2013 receipt of your supplemental response for a Certificate of Need for the Discontinuance of Obstetrics Services at Pioneer Community Hospital of Scott. If approved, the five (5) obstetrical beds will be converted to medical/surgical beds and the licensed acute care bed complement at the hospital will remain at twenty-five (25).

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 12:00 pm, Monday, September 30, 2013. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

1. Applicant Profile, Item 2

Please include the entire email address, and note the extension of the contact phone number and resubmit.

2. Applicant Profile, Item 9

The updated bed complement chart is noted. The OB and swing beds are classified as medical beds. Please revise and resubmit.

3. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) A. Need 4.

The applicant references Hospital Discharge Data from 2005 Guidelines for Growth. Please verify this source, and if possible, provide an internet link to this document.

4. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) B. Need 2.

The applicant states TennCare patient must rely on their personal vehicles for transportation to alternate providers. Please verify transportation is a covered benefit for TennCare enrollees.

5. Section C, (Economic Feasibility) Item 4 (Historical and Projected Data Charts)

There are errors in the historical and projected data charts.

Historical Data Chart

- Please specify the unit of measure for the utilization data in the historical data chart.
- Please clarify why the expense for supplies were allocated under "other expenses-Specify"
- Please recalculate total operating expenses for 2009-2011.
- The amount for net operating income for the year 2011 is unclear. Please revise.
- Please correct the historical data chart and submit a replacement page.

Projected Data Chart

- Please specify unit of measure under the heading "utilization data"
- Please clarify why emergency services revenue is allocated to outpatient services in the Projected Data Chart
- Please revise the projected data chart and submit a replacement page.

Projected Data Chart with OB Services

- Please specify unit of measure under-utilization data
- The total deductions from Gross Operating Revenue totals for 2014 and 2015 are incorrect. Please recalculate and resubmit.
- The figures of 202,930 in Year 2014 and 214,724 in Year 2015 do not match the itemized amount on page 15 for the "other expenses category".
- Please revise and resubmit the projected data chart for OB services

6. Affidavit

The date of the affidavit appears to be incorrect. Please resubmit an affidavit for the previous supplemental with the correct data.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is October 18, 2013. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please do not hesitate to contact this office.

Sincerely,



Phillip M. Earhart
Health Services Development Examiner

Enclosure/PME

ORIGINAL- SUPPLEMENTAL-1

Pioneer Community Hospital-
Scott

CN1308-030

SEP 27 '13 AM 10:04

SUPPLEMENTAL



September 26, 2013

Phillip Earhart
Regional Hospital Operations
Pioneer Health Services, Inc.
110 Pioneer Way
Magee, MS 37841

RE: Certificate of Need Application CN1308-030
Pioneer Community Hospital of Scott – Discontinuance of Obstetrical Services

Dear Mr. Earhartt:

Please find enclosed the original and two copies of the supplemental information for Certificate of Need application CN1308-030 for the discontinuation of obstetrical services at Pioneer Community Hospital of Scott (formerly Scott County Hospital). If you have any questions, please do not hesitate to call me at 601.849.6440 (ext. 325)

Sincerely,

A handwritten signature in black ink that reads "Eden Blackwell". The signature is fluid and cursive, with the first name "Eden" and last name "Blackwell" clearly distinguishable.

Eden Blackwell
Director of Corporate Compliance

Enc.

1. Filing Fee

The filing fee was overpaid \$11.25. HSDA will reimburse the applicant for the overpayment under separate cover.

2. Applicant Profile, Item 2 and Item 4

Please provide a fax number.

Please check the box that corresponds to Limited Liability Company.

Please revise the above two requests and resubmit page 1.

Please discuss the proposed organizational and business relationships among these entities in such a manner that their affiliation with the project can be understood. An organization chart will be helpful.

Please provide a list of critical access hospitals the applicant's parent company owns. Has any discontinued OB services been discontinued at any hospital owned by the parent company? How many of the critical access hospitals owned by the parent company now offers OB services? Has OB services been discontinued in the past by the applicant's parent company but was later at added as financial conditions improved?

Pioneer Health Services of Scott, LLC doing business as Pioneer Community Hospital of Scott is a wholly-owned for-profit subsidiary of Pioneer Health Services, Inc, a Sub Chapter S Corporation 100-percent owned by Joseph S. McNulty, III. Pioneer Health Services will operate Pioneer Community Hospital of Scott through corporate and facility-based staff.

Please see attached Corporate Structure.

Pioneer Health Services, Inc.(PHS), parent company owns the following critical access facilities:

*Pioneer Community Hospital of Scott (Oneida, TN)
Pioneer Community Hospital of Stokes (Danbury, NC)
Pioneer Community Hospital of Patrick (Stuart, VA)
Pioneer Community Hospital of Choctaw (Ackerman, MS)
Pioneer Community Hospital of Newton (Newton, MS)
Pioneer Community Hospital of Aberdeen (Aberdeen, MS)
Pioneer Community Hospital of Early (Blakely, GA)*

None of the facilities currently owned and operated by PHS provides obstetrical services, and none have ever discontinued obstetrical services previously provided. No obstetrical services have been discontinued by PHS and then later reopened.

Please see attached organizational chart.

3. Applicant Profile, Item 5

Please clarify what type of management services will be offered by Pioneer Health Services, Inc. Will the applicant be self-managed or contract with an affiliated Pioneer owned affiliate?

Please provide a brief description of the management/operating entity's expertise to operate this facility/service. Brief bio's outlining areas of expertise and experience of the senior management will be helpful.

Pioneer Health Services, Inc. will operate Pioneer Community Hospital of Scott, providing operational support services within the facility. Significant support in accounting, payroll, purchasing, patient financial services, and cost-reporting, will be provided by the corporate office.

Pioneer Health Services has operated small, rural hospitals since 1989. PHS is responsible for the first and second conversions to critical access hospital (CAH) designation in Mississippi. To date, Pioneer owns and operates seven CAHs (with affiliated 24 rural health clinics), operates one critical access, 501©(3) non-profit facility, and manages two other critical access hospitals. Pioneer also provides management and service-line consultation for non-affiliated critical access hospitals. Pioneer specializes in the health needs of rural communities and has experience re-opening and resuscitating Critical Access Hospitals in Medically Underserved Areas.

Please see attached Corporate Leadership Biographies.

4. Applicant Profile, Item 9

Please total the bed complement chart for all columns and resubmit.

Please see the attached and corrected bed complement chart.

5. Applicant Profile, Item 13

Please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Pioneer Community Hospital of Scott has contracted or is in process of contracting with the following MCOs/BHOs:

*TennCare Select
UnitedHealthcare Community Plan
BlueCare*

6. Project Description, Item 1

Please clarify the statement "as such financial feasibility of the project in the short term is and the applicant does not believe that the successful operation of the facility will be risked by discontinuing obstetric services".

Does the applicant intend to provide OB services in the future? If so, what factors are included in that decision?

When the hospital opens will the emergency room be operational? If not when does the applicant expect it to open?

Is the hospital currently totally closed? If not, what services are currently available?

The statement in question should have read, "As such, financial feasibility of the project in the short term is secure, and the applicant does not believe that the successful operation of the facility will be risked by discontinuing obstetric services." To clarify further, because the project is low cost, the discontinuance of obstetrics services presents no risk to the overall financial stability of Pioneer Community Hospital of Scott.

The hospital is currently totally closed. Upon opening, primary care clinic services, ancillary services and emergency services will be provided. The applicant is currently evaluating and will continue to evaluate the financial feasibility of providing obstetrical services. Facility and corporate leadership will consider the enterprise value of providing this service.

7. Section B, Project Description, Item II.B.

Describe the reasons for change in bed allocations and describe the impact the bed change will have on existing services.

Critical Access Hospitals (the designation under which the applicant intends to operate) are limited to 25 acute care beds. The current 5 obstetrical beds were operated as part of the previous management's total bed complement. In discontinuing obstetrical services, the applicant requests maintaining all beds on the facility license, but re-designating them to acute care services.

8. Section B, Project Description, Item III.A. (Plot Plan)

Please submit the plot plan which outlines the location of the obstetrical department within the outline of the hospital on the plot plan.

Please see the attached plot plan identifying the exact location of the obstetrical rooms in the applicant facility.

9. Section C, Need Item 1

Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan."

Healthy Lives

The 2012 Tennessee State Health Plan lists the top ten leading causes of death among Tennesseans in recent years. For eight of these ten (Cardiovascular Disease, Stroke and Cerebrovascular Disease, Diabetes, Pneumonia and Influenza, Kidney Disease, Cancer, Chronic Lower Respiratory Disease, Heart Disease, and Accident and Adverse Events), acute care services are required to treat and manage complications. No hospital currently operates in Scott County. Discontinuing obstetric services will contribute to the greater operational stability of the applicant as the doors of a currently closed facility are carefully reopened to provide much-needed primary and acute care services.

Access to Care

Currently, no hospital provides general acute care services within Scott County. Pioneer Community Hospital of Scott is working diligently to reopen the doors of the recently closed facility to provide basic acute and emergency services to area residents according to a carefully staged plan. Obstetric services require intensive resources not currently feasible to expend until overall facility volumes and utilization make cost-spreading possible. In summary, discontinuing obstetric services contributes to the more immediate, short-term provision of accessibility of care in Scott County.

Economic Efficiencies

Previous operators maintained staffing for OB services at levels that would be grossly inefficient for Pioneer Community Hospital of Scott to maintain in its current, limited functionality. Historically, 67% percent of Scott County births at the applicant facility were payable through TennCare and self-pay sources limiting the unit's ability to pay for itself in the short to near term. Operating OB services under such financial constraints does not make efficient use of facility revenues and other resources that might be used for care of the wider Scott County community.

Quality of Care

Discontinuance of obstetric services will free up resources otherwise used for birth and delivery to provide higher quality of care to patients in other departments of the facility, such as emergency services, that have to date not been available in the county.

Healthcare Workforce

Operating OB services would require more intensive staffing resources than would be prudent in consideration of the larger scope of re-opening the applicant facility. Maintaining the level of FTEs available for labor and delivery as was maintained under former operation would be inefficient for the low volume of births anticipated in the time required to establish of a patient base. Further, ceasing to provide OB services frees workforce resources that may be put to use towards opening and maintaining basic acute care services in a community where none currently are offered. The applicant feels that by ceasing to provide this service, greater stability will be afforded to facility operations and staff who will be available to provide patients with greater quality of general acute care.

10. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) A. Need 1.

Please identify all existing providers of obstetrical services in the service area.

Has the applicant notified and gained support of community leadership, other area obstetric providers, emergency conveyance services, and the general public?

Jellico Community Hospital in Campbell County and Methodist Medical Center (Oak Ridge) in Anderson County provide obstetrical services in the secondary service area of the applicant facility.

Both facilities have been notified in conversation with hospital leadership of the applicant's intentions to discontinue obstetrical services. The general public has been informed through legal notices in local print media and public meetings between the applicant and County leadership. County leadership has been explained the intended phased re-opening of the facility and has confirmed support for the plan. Area

physicians, Dr. John Martin and Dr. Catherine Martin of Circle of Life Obstetrics& Family Care in Oneida, TN provided OB services during previous facility operations and have been notified of the intent to discontinue obstetrical service upon re-opening the facility. Dr. Catherine Martin has agreed to serve as Chief of Staff (in non-obstetric capacity) upon the facility's re-opening. Emergency conveyance services have been notified as well.

11. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) A. Need 2.

Please complete the following table providing the total eligible female population and the total number of births to female residents of the service area during the most recent year that birth data is available:

Please see the table below for population data for years 2011-2013. Figures presented pertain to the primary service area, Scott County and secondary service areas in Anderson, Blount, Campbell, Fentress and Morgan Counties. Birth rate data provided by the state of Tennessee does not currently extend beyond 2011. The birth rates provided are indicated to be 2009, 2010, and 2011.

Year	Female Population (age 15-44)	Births to female residents Ages 15-44
2nd Previous Year	58,287	3,224 (2009)
Previous Year	59,056	3,067 (2010)
Current Year	58,398	3,141 (2011)
% Change	1.3%	-2.5%

12. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) A. Need 3.

Please re-verify the number of deliveries (24) at Scott County Hospital for 2009-2011. If needed, please submit a replacement page. If 24 is the correct number, why did deliveries drop from 126 in 2010 to 24 in 2011?

This data was incorrectly reported. Please see the corrected page attached listing 133 births as the total number of births for 2011.

13. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) A. Need 4.

Please respond to this question using more up-to-date data. If possible, please use 2009-2012 data.

*Based on facility utilization data for the last three years of operation (2009-2011) we estimate 139 patients will be affected by discontinuation of obstetric services. As reported in the initial CON application, resident Hospital Discharge Data from 2005 Guidelines for Growth, reports 66.7% of delivering mothers from Scott County were covered by TennCare as the primary payer. No facility-based historical data offering service-line utilization by payer is available. Applying the 2005 rate of TennCare coverage as primary payer for delivering mothers to the estimated affected population, ($X=139*66.7\%$), 93 delivering mothers are projected to be affected by this proposal.*

14. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) B. Need 1.

The table reflecting travel distances to alternate providers of obstetric services is noted. Please provide a source document.

GoogleMaps at www.google.com was used to calculate travel distances from the applicant facility to alternate providers.

15. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) B. Need 2.

For TennCare patients, please indicate the mode of transportation which will be used should OB services be discontinued.

TennCare patients must rely on personal vehicles for transportation to alternate providers or may seek transport from ETHRA for a nominal fee.

16. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) B. Need 3.

Please define the term "all-cause admissions".

"All-cause admissions" refers to the aggregate of all medical conditions for which patients may be admitted to the applicant facility.

17. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) B. Need 4.

The chart titled "median Charge (\$) by facility per Service" is noted. Please clarify if the figures provided are "mean" numbers or "median" numbers. Also, please cite the source for the table.

The charges presented in the table are indeed "median" charges found in the 2011 Tennessee Hospital Discharge Data Report by facility by service.

18. Section C, Need, Item 1a. (Service Specific Criteria-Discontinuance of OB Services) B. Accessibility 5.

The application mentions the TennCare/Medicaid OB utilization at the applicant facility is estimated to have been 17% in 2011. Please provide a letter from each alternate OB delivery site in the applicant's service area and their intention and capacity to absorb services to TennCare enrollees affected by the applicant facility's discontinuation of OB services.

Please see attached letters from Eric Wangness, Administrator of Jellico Community Hospital and Mike Belbeck, President and Chief Administrative Officer of Methodist Medical Center (Oak Ridge).

19. Section C, Need, Item 4.A.

Your response to this item is noted. Using population data from the Department of Health, enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, please complete the following table and include data for each county in your proposed service area.

<i>Variable</i>	<i>Scott</i>	<i>Anderson</i>	<i>Blount</i>	<i>Campbell</i>	<i>Fentress</i>	<i>Morgan</i>	<i>Service Area</i>	<i>TN</i>
2013 Age 65+	3,388	13,335	28,703	10,624	3,262	3,190	62,502	904,587
2017 Age 65+	3,862	14,509	31,838	11,440	3,677	3,532	68,858	1,015,339
Age 65+, % Change	12.2%	8%	9.8%	24%	26.9%	19.7%	9%	11%
Age 65+, % Total 2017	15.9%	19.3%	24%	26.9%	19.7%	16.5%	22%	15.3%
2013, Total Pop.	23,465	74,517	127,400	42,036	18,265	21,014	306,697	6414297
2017, Total Pop.	24,272	75,167	132,222	42,600	18,662	21,467	314,390	6,623,114
Total Pop. % Change	3.3%	0.86%	3.6%	1.3%	2.1%	2.1%	2%	3.1%
TennCare Enrollees	7,065	13,812	18,599	11,702	5,401	4,184	60,763	1,192,483
TennCare Enrollees as a % of Total Pop.	30.0%	18.5%	14.6%	27.8%	29.5%	19.5%	20%	18.6%
Median Age	38.1	42.6	41.4	41.7	42.3	39.8	41.5	38
Median Household Income	\$29,454	\$44,872	\$47,298	\$31,337	\$29,245	\$37,130	\$36,556	\$43,989
Pop. % Below Poverty Level	26.0%	16.8%	12.3%	23.1%	25.2%	20.7%	24.20%	16.1%

20. Section C, Need, Item 4.B.

Please indicate if the primary and secondary service areas are designated as medically underserved areas.

County	MUA Designation
Scott County (Primary)	Yes
Anderson (Secondary)	Yes
Blount (Secondary)	Yes
Campbell (Secondary)	Yes
Fentress (Secondary)	Yes
Morgan (Secondary)	Yes

Source: Health Resources and Services Administration, Find Shortage Areas,
<http://hpsafind.hrsa.gov/HPSASearch.aspx>

21. Section C, (Economic Feasibility) Item 2

Please provide appropriate documentation (letter) of funding for the proposed project from the Chief Financial Officer.

Please see attached letter from Pioneer Health Services' Chief Financial Officer.

22. Section C, (Economic Feasibility) Item 4 (Projected Data Chart)

Please provide an additional Projected Data Chart for the entire facility for the next two years as if the discontinuance of the Obstetrical Services Program were not approved by the Agency.

There are errors in the historical and projected data charts. Please correct and submit a replacement page.

The historical and projected data charts have been revised to include management fees. Please complete the revised historical and projected data charts at the end of this supplemental request.

Please see attached updated and amended historical and projected operating financial data.

23. Section C, Economic Feasibility, Item 10.

Since the proposed project will be funded by the hospital's parent company, please provide a copy of the parent company's audited financial statements for the most

recently completed period for which the balance sheet and income statements are available.

Please see attached audited financial statement for Pioneer Health Services.

24. Section C, Need, (Economic Feasibility) Item 9

Please provide the total hospital dollar amounts and percentages of total Gross Revenues from the Medicare and TennCare programs for the first year following the CON approval of discontinuance of the obstetrical program.

In the first 12 month period of operation following the CON approval of discontinuance of obstetrical services, the applicant projects the following amounts of Gross Revenue by payer source based on expected payer mix of 55% Medicare and 15% Medicaid:

Payer	Amount
Medicare	\$ \$6,036,597.05
TennCare	\$ \$1,646,344.65

25. Section C, Orderly Development, Item 1

Please identify all transfer agreements with applicable hospitals and timeframe for completion.

Pioneer Community Hospital of Scott has submitted requests to the following facilities for transfer agreements:

*University of Tennessee Memorial Hospital
East Tennessee Children's Hospital
Vanderbilt Burn Center
Ridgeview Mobile Crisis Center*

26. Section C, Orderly Development, Item 2

Please complete the following chart for the positive and negative effects of the proposed project:

Positive Effects	Negative effects
1.) Efforts to re-open a closed acute care facility in a county with no other provider will be supported.	1.) Currently expectant patients must be served outside of their community.
2.) Expectant mothers will be referred to providers that have more stable provision of OB services.	2.) OB patients may experience some additional financial burden to seek services

27. Section C, Orderly Development, Item 7

Please indicate the date the applicant expects to be fully licensed.

Pioneer Community Hospital of Scott is expected to be fully licensed by September 15, 2013.

The applicant expects to be accredited through Det Norske Veritas (DNV). Briefly describe this organization and the accreditation that is provided.

Det Norske Veritas or DNV Healthcare has deeming authority granted by CMS to accredit critical access hospitals. DNV's accreditation program for critical access hospitals employs the proven NIAHO® standards and a highly collaborative survey process. Surveys are conducted annually and procedures are tied to the specific CMS Conditions of Participation for critical access hospitals.

28. Project Completion Schedule

Please enter Agency projected Initial Decision Date and resubmit.

PCH of Scott anticipates an initial decision date of November 20, 2013.

29. Registration of Medical Equipment

Please register your current medical equipment located at Pioneer Community Hospital at Scott. The medical equipment registration form is located at http://tennessee.gov/hsda/forms/Equip_Reg_Form.pdf. Please Alecia Craighead at 615-253-2782 if you have any questions.

The medical equipment registration form was completed and submitted via internet on September 15, 2013.

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year 2009	Year 2010	Year 2011
A. Utilization Data (Specify unit of measure)	<u>6052</u>	<u>5580</u>	<u>5517</u>
B. Revenue from Services to Patients			
1. Inpatient Services	\$28,285,763	\$23,373,950	\$23,415,015
2. Outpatient Services	26,758,985	31,618,961	40,855,096
3. Emergency Services	8,435,204	8,839,435	2,416,871
4. Other Operating Revenue (Specify) <u>CAH, EAH Payments, Cafeteria, Gift Shop</u>	759,600	2,104,091	1,162,619
Gross Operating Revenue	\$64,239,552	\$65,936,437	\$67,849,601
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$47,753,918	43,456,063	45,909,270
2. Provision for Charity Care	1,433,905	1,200,388	1,217,324
3. Provisions for Bad Debt	2,202,224	4,704,970	3,689,035
Total Deductions	\$51,390,047	49,361,421	50,815,629
NET OPERATING REVENUE	\$12,849,505	\$16,575,016	\$17,033,972
D. Operating Expenses			
1. Salaries and Wages	\$7,442,902	6,858,717	7,187,123
2. Physician's Salaries and Wages	0	0	0
3. Supplies	IN OTHER	IN OTHER	IN OTHER
4. Taxes	0	0	0
5. Depreciation	504,074	293,125	171,008
6. Rent	0	0	0
7. Interest, other than Capital	277,718	565,096	452,622
8. Management Fees:			
a. Fees to Affiliates	1,517,312	2,075,303	1,969,598
b. Fees to Non-Affiliates	0	0	0
9. Other Expenses -- Specify	11,670,079	17,553,380	12,097,966
Total Operating Expenses	13,187,391	19,628,683	14,067,564
E. Other Revenue (Expenses) -- Net (Specify)_____	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	(\$337,886)	(\$3,053,667)	\$2,966,408
F. Capital Expenditures			
1. Retirement of Principal	0	0	0
2. Interest	0	0	0
Total Capital Expenditures	0	0	0
NET OPERATING INCOME (LOSS)	(\$337,886)	(\$337,886)	(\$337,886)
LESS CAPITAL EXPENDITURES			0

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in September __ (Month).

	Year 2014	Year 2015
A. Utilization Data (Specify unit of measure)	1663	3528
B. Revenue from Services to Patients		
1. Inpatient Services	5,999,996	\$8,733,086
2. Outpatient Services	4,449,385	6,498,921
3. Emergency Services	IN OUTPT	IN OUTPT
4. Other Operating Revenue (Specify) _____	526,250	762,900
Gross Operating Revenue	\$10,975,631	15,994,907
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	4,651,949	6,782,582
2. Provision for Charity Care	219,513	319,898
3. Provisions for Bad Debt	768,294	1,119,644
Total Deductions	5,639,756	8,222,124
NET OPERATING REVENUE	5,335,875	7,772,783
D. Operating Expenses		
1. Salaries and Wages	2,817,721	4,644,445
2. Physician's Salaries and Wages	1,120,776	1,200,000
3. Supplies	310,417	839,243
4. Taxes	0	0
5. Depreciation	0	0
6. Rent	132,800	75,000
7. Interest, other than Capital	0	0
8. Management Fees:		
a. Fees to Affiliates	478,940	697,826
b. Fees to Non-Affiliates	0	0
9. Other Expenses – Specify _____	202,930	214,724
Total Operating Expenses	5,063,584	7,671,238
E. Other Revenue (Expenses) -- Net (Specify) _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	272,291	101,545
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	_____	_____
Total Capital Expenditures		\$ _____

NET OPERATING INCOME (LOSS)	272,291	101,545
LESS CAPITAL EXPENDITURES		

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year2009	Year2010	Year2011
1. Employee Benefits	2,134,748	1,887,224	2,013,246
2. Professional Fees	781,664	747,421	672,360
3. Energy	466,769	266,646	265,049
4. Supplies, Purchased Services, Non-operating Expenses not available in detail	8,286,918	7,793,382	9,146,558
5.			
6.			
7.			
Total Other Expenses	\$11,670,099	\$10,694,673	\$12,097,213

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	FY 2014	FY 2015
1. Phone	102,930	114,724
2. Service Contract	45,000	45,000
3. Travel	15,000	15,000
4. Repair	40,000	40,000
5.		
6.		
7.		
Total Other Expenses	\$202,930	\$214,724

PROJECTED DATA CHART with Obstetrical Services

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in September __ (Month).

	Year_2014	Year_2015
A. Utilization Data (Specify unit of measure)	1663	3528
B. Revenue from Services to Patients		
1. Inpatient Services	5,999,996	\$8,733,086
2. Outpatient Services	4,449,385_	6,498,921
3. Emergency Services	IN OUTPT	IN OUTPT
4. Other Operating Revenue (Specify)_____	526,250	762,900
Gross Operating Revenue	\$10,975,631	15,994,907
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	4,651,949	6,782,582
2. Provision for Charity Care	225,084	311,846
3. Provisions for Bad Debt	776,541	1,148,905
Total Deductions	5,834,659	8,515,044
NET OPERATING REVENUE	5,419,564	7,897,880
D. Operating Expenses		
1. Salaries and Wages	3,504,295	5,331,019
2. Physician's Salaries and Wages	1,424,776	1,504,000
3. Supplies	355,417	884,243
4. Taxes	0	0
5. Depreciation	0	0
6. Rent	132,800	75,000
7. Interest, other than Capital	0	0
8. Management Fees:		
a. Fees to Affiliates	478,940	697,826
b. Fees to Non-Affiliates	0_____	0_____
9. Other Expenses – Specify	202,930	214,724
Total Operating Expenses	6,099,158	8,706,812
E. Other Revenue (Expenses) -- Net (Specify)_____	\$_____	\$_____
NET OPERATING INCOME (LOSS)	(679,594)	(808,932)
F. Capital Expenditures		
1. Retirement of Principal	\$_____	\$_____
2. Interest	_____	_____
Total Capital Expenditures		\$_____

NET OPERATING INCOME (LOSS)	(679,594)	(808,932)
LESS CAPITAL EXPENDITURES		

PROJECTED DATA CHART with Obstetrical Services-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	FY 2014	FY 2015
1. Phone	102930	114,724
2. Service Contract	45,000	45,000
3. Travel	15,000	15,000
4. Repair	46,000	46,000
5.	50,000	50,000
6.	_____	_____
7.	_____	_____
Total Other Expenses	\$258,930	\$676,584

SUPPLEMENTAL

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Scott

SEP 27 '13 AM 10

NAME OF FACILITY: Pioneer Community Hospital of Scott

I, Morgan Dunn, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Morgan Dunn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 13th day of Sept., 2013,
witness my hand at office in the County of Simpson, State of ~~Tennessee~~ Mississippi.



Teresa J. Myers
NOTARY PUBLIC

My commission expires _____

HF-0043

Revised 7/02

ATTACHMENTS

Attachment I.

Revised Applicant Profile

SEP 27 '13 AM 10:04

1. **Name of Facility, Agency, or Institution**

Pioneer Community Hospital of Scott

Name

18797 Alberta St

Street or Route

Oneida

City

TN

State

Scott

County

37841

Zip Code

2. **Contact Person Available for Responses to Questions**

Eden Blackwell

Name

Pioneer Health Services, Inc.

Company Name

110 Pioneer Way

Street or Route

Employee

Association with Owner

Magee

City

601.849.6440 (325)

Phone Number

Director of Corp Compliance

Title

edenblackwell@phscorporat

Email address

MS

State

39111

Zip Code

601.849.6443

Fax Number

3. **Owner of the Facility, Agency or Institution**

Pioneer Health Services, Inc.

Name

PO Box 1100

Street or Route

Magee

City

MS

State

601.849.6440

Phone Number

Simpson

County

39111

Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

B. Partnership

C. Limited Partnership

D. Corporation (For Profit)

E. Corporation (Not-for-Profit)

F. Government (State of TN or
Political Subdivision)

G. Joint Venture

H. Limited Liability Company

I. Other (Specify)

✓

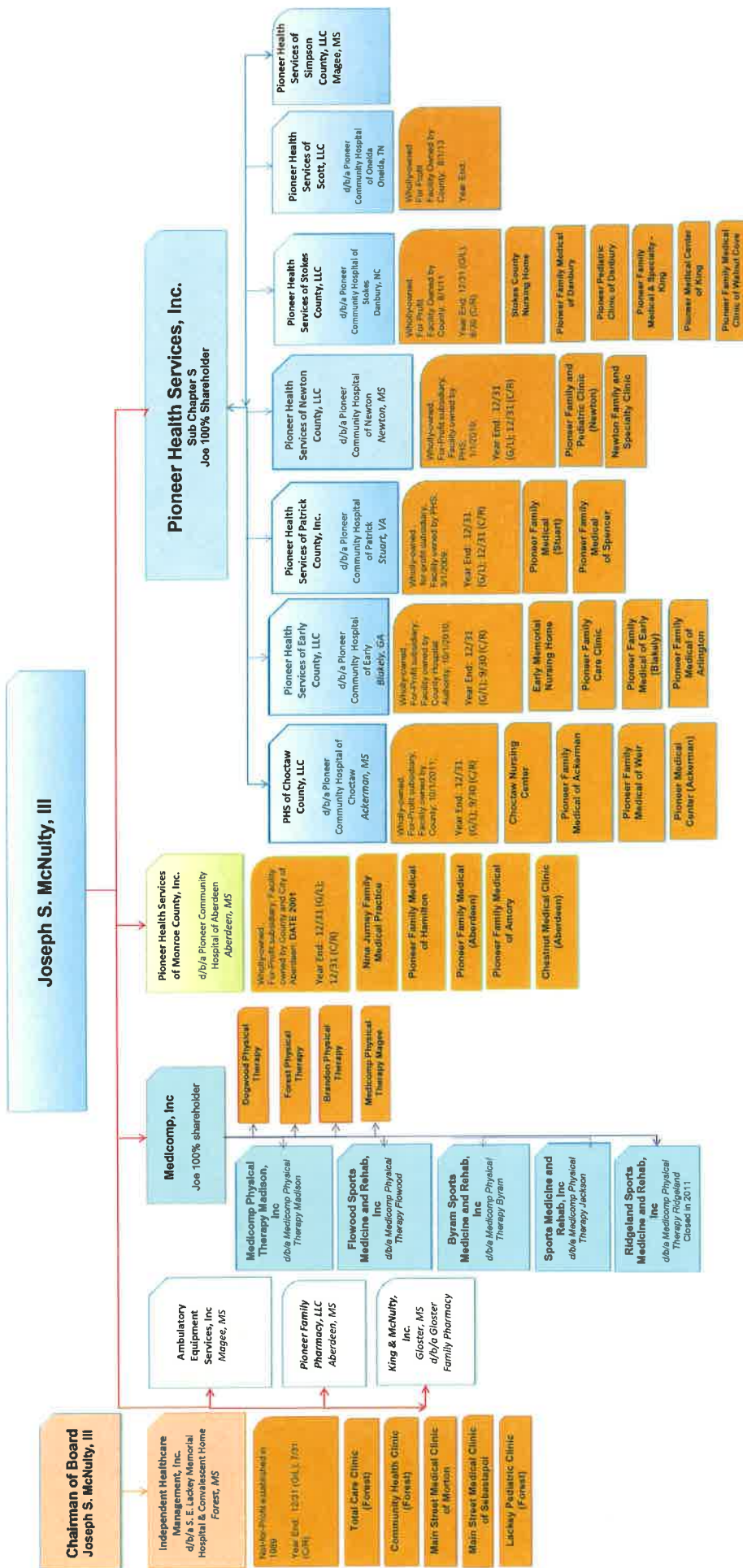
**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.**

Attachment 2.

Organizational Chart

PIONEER HEALTH SERVICES CORPORATE STRUCTURE

2013



SUPPLEMENTAL- # 1

September 27, 2013

10:10 am

Attachment 3.

Corporate Bio-sketches

Joseph S. McNulty, III , Founder, President and Chief Executive Officer

Joe McNulty has been a resident of Magee, Mississippi, since 1975. He holds a degree in Psychology from the University of Southern Mississippi. He began his career in health care as a respiratory therapist and started his first business, Medcomp, Inc., a physical and respiratory therapy company, in 1983. In 1989, he acquired his first healthcare facility S.E. Lackey Memorial Hospital in Forest, MS. Joe gained experience leasing and managing several additional rural hospitals and founded Pioneer Health Services in 1996. In September 2000, S.E. Lackey Memorial Hospital became the first Critical Access Hospital (CAH) –designated facility in Mississippi. One year later, Pioneer Community Hospital of Aberdeen followed as the second. Both were guided to CAH status through their partnership with Pioneer Health Services. Mr. McNulty continues to serve as Chairman of the Board for the not-for-profit Lackey Memorial Hospital. Through his leadership and vision, Pioneer Health Services has expanded its operations/management department to serve eight Critical Access Hospitals in four states. Mr. McNulty stands at the helm of the expansion of Pioneer Health Services' provision of contracted services to CAH facilities from Virginia to Hawaii.

Julie Gieger, Chief Financial Officer

Julie Gieger is Chief Financial Officer and is a 20-year veteran of Pioneer Health Services and affiliated corporations. Ms. Gieger is a Certified Public Accountant (CPA), and earned her BSBA in Accounting from the University of Southern Mississippi. Ms. Gieger joined the Pioneer Organization in 1987 and was promoted to Corporate Controller in 1996. In 2003 she was named Chief Financial Officer.

She is responsible for the financial operations of Pioneer and all affiliated corporations and treasury functions, including corporate finance and supervision of all staff related to reimbursement, revenue cycle, accounting and financial reporting. She is a member of the American Institute of CPAs, Mississippi Society of CPAs and HFMA. A native of Simpson County, she and her husband, Steve, have three children.

Morgan Dunn, Vice President of Business Development

Ms. Dunn earned a Bachelor of Arts degree in Theatre and English from the University of Mississippi in 2003. After graduation, Morgan began her healthcare career in sales for Ambulatory Equipment Services in charge of the south central Mississippi region. In 2005, she was promoted to Corporate Business Development for the Revenue Cycle Management Division of Pioneer Health Services, taking on the responsibilities of supervising and managing business office assessments prior to contracting. In 2008, Morgan became responsible for the acquisition of new healthcare facilities, revenue cycle management and behavioral health business development and contracting. Since that time, Pioneer has partnered with over 30 Critical Access Hospitals to provide operational support services. In addition to overseeing this expansion, Morgan's professional accomplishments include recognition as one of Mississippi's 50 Leading Business Women in 2008, and membership in the National Rural Health Association, Mississippi Hospital Association and Healthcare Financial Management Association.

In January of 2011, Morgan was named Vice President of Business Development, charged with directing management of corporate advertising, marketing, and business development throughout the organization, as well as playing a role in the corporation's ongoing strategic planning. She was raised and currently resides in Magee, MS with her 3 small children and husband, Chris.

Steve Fontaine, Vice President of Hospital Operations

Steve Fontaine received a Bachelor's degree in English from Clemson University in 1995 and received a Master's in Health Administration & Policy from Medical University of South Carolina in 1998. Steve worked for HCA Healthcare - Trident Medical Center, a 400-bed system in Charleston, South Carolina, from 1998-2002 as a financial analyst and later as an Associate Administrator at HCA Healthcare - Dauterive Hospital, 102-bed in New Iberia, Louisiana , from 2002-2003.

Steve was recruited by Pioneer Health Services in 2003 to be the Hospital Administrator at Pioneer Community Hospital of Aberdeen (CAH) where he provided executive oversight of all daily operations, including financial performance and medical staff relations. In 2008 he was promoted to Director of Regional Hospital Operations for Pioneer Health Services in which capacity he is responsible for the oversight and management of five hospitals. Steve is a member of the Mississippi Hospital Association – Finance Committee and previously served as the former President of the Mississippi Hospital Association – Prairie Council.

Sydney Sawyer, Patient Services Officer

Sydney Sawyer has more than 25 years of healthcare experience and is a staunch patient advocate. Sydney has worked in many facets of the medical industry, including Critical Care, Emergency Room, Surgery, and Medical Surgical areas. He received his Associate Degree in Nursing from Hinds Community College in 1994. Sydney has worked for Pioneer Health Services since its inception and before that for Medcomp, an affiliated physical and respiratory therapy company. He has served in many capacities of nursing, including as Emergency Room Director, Chief Nursing Officer and Director of Patient Services, where he managed not only nursing but all clinical ancillary departments. Sydney has become expert in the clinical aspects of Critical Access Hospitals. He was instrumental in the conversion of Lackey Memorial Hospital and Pioneer Community Hospital of Aberdeen to Critical Access Status in 1999 and 2001, the first and second critical access hospitals in Mississippi. He has served as a consultant for other Mississippi hospitals during their conversion to CAH status.

In January of 2011 he accepted the role of Patient Services Officer, in which capacity he is responsible for the Quality Management System for all patient care divisions of Pioneer Health Services. Although Sydney is aware of and appreciates all areas of hospital management, quality patient care is his priority.

Attachment 4

Revised Bed Complement Chart

9. Bed Complement Data

Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	25		25	0	25
B. Surgical					
C. Long-Term Care Hospital					
D. Obstetrical	5	0	0	0	0
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)					
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child and Adolescent Chemical Dependency					
S. Swing Beds	18				18
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL	25	0	25	0	25

*CON-Beds approved but not yet in service

10. Medicare Provider Number

Certification Type

11. Medicaid Provider Number

Certification Type

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? ☒ YES

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? ☒ Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

Attachment 5.

Revised Plot Plan of Pioneer Community Hospital of Scott demonstrating location of obstetrical services unit in the facility

SURVEY FOR:
SCOTT COUNTY HOSPITAL
HIGHWAY 27 - ONEIDA
SIXTH CIVIL DISTRICT
SCOTT COUNTY, TENNESSEE

SCALE: 1 INCH = 40 FEET

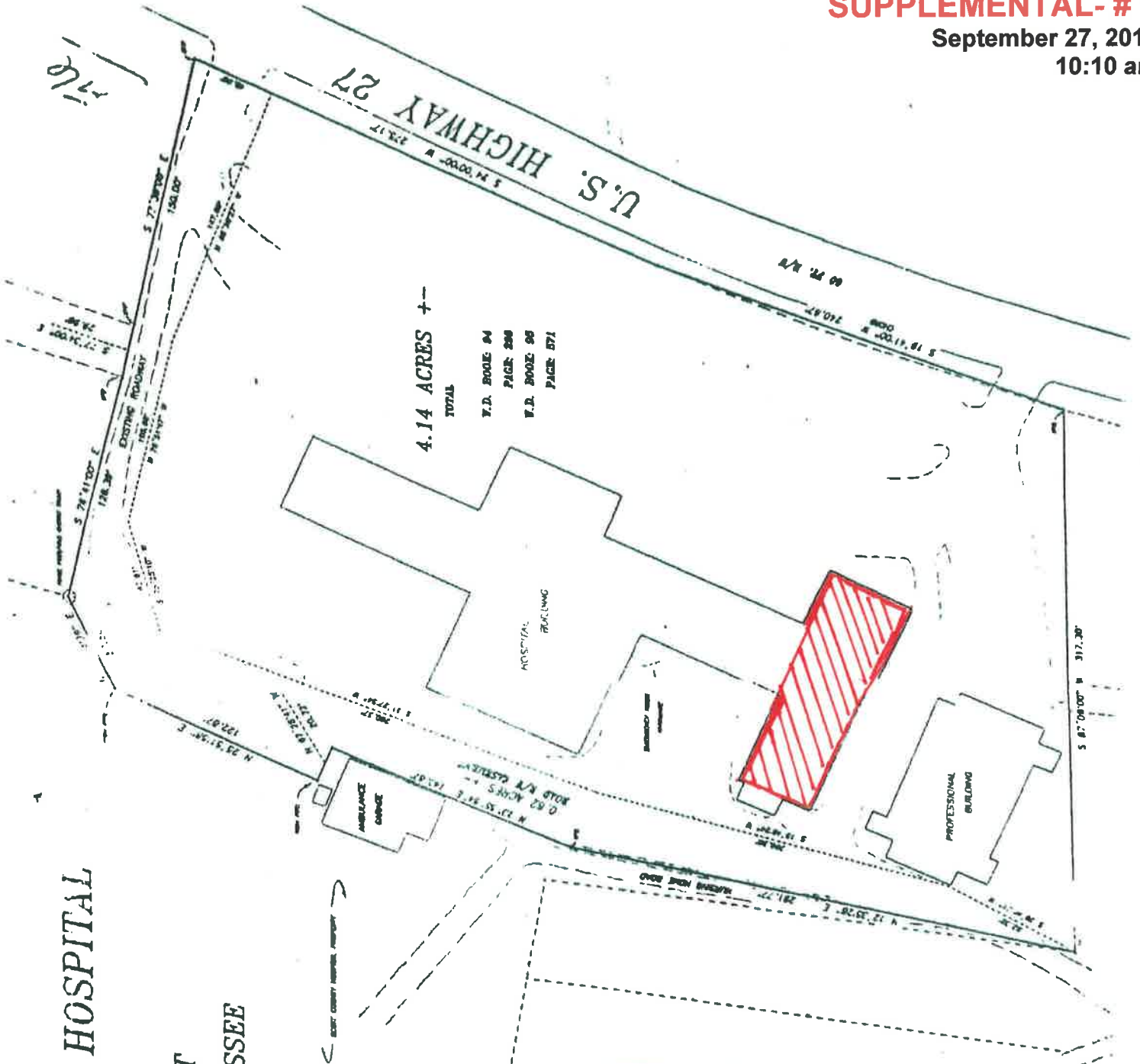
DATE: NOVEMBER 27, 1989

I HEREBY CERTIFY THIS TO BE A TRUE AND
 CORRECT REPRESENTATION OF THE LAND PLATTED
 TO THE BEST OF MY KNOWLEDGE AND BELIEF.

JIM REED
 ONEIDA, TN.



Jim Reed



Attachment 6

Revised pg. 9 of initial CON application amending Deliveries at Scott County Hospital table.

15-44 Yr. Female Population by County

<u>County</u>	<u>2013</u>	<u>2017</u>	<u>Service Area</u>
Scott	4595	4662	Primary
Anderson	13,848	13,806	Secondary
Blount	25,027	25,739	Secondary
Campbell	7869	7741	Secondary
Fentress	3495	3453	Secondary
Morgan	3564	3562	Secondary

Source: Tennessee Dept. of Health, Office of Policy, Planning and Assessment, Division of Health Statistics.

3. The number of obstetrical patients served by the facility over the past three years should be listed.

Deliveries at Scott County Hospital

	2009	2010	2011
Deliveries	155	126	133

Source: Joint Annual Reports of Hospitals, Scott County Hospital (2009-2011).

4. The estimated number of obstetrical patients affected by the discontinuance of obstetrical services should be listed. The estimated number of obstetrical patients below the federally established poverty level and affected by the discontinuance of the service should be listed separately.

Based on 3-year average birth rate to women ages 15-44 in Scott County (2007-2009), 288 patients are estimated to be affected by the proposal to discontinue OB services. However, at no point in the last 3 years of actual operation did total deliveries exceed 53% of that number. According to the Tennessee Economic Council on Women, 29% of women in Scott County live below the poverty level. Resident Hospital Discharge Data from 2005 Guidelines for Growth, reports 66.7% of delivering mothers from Scott County were covered by TennCare as the primary payer.

B. Accessibility

1. Indicate the distance in miles and approximate travel time that patients in need of obstetrical services would have to travel, should the service be discontinued at the designated site.

Attachment 7

Letters from alternate providers of obstetrical services.



SUPPLEMENTAL- # 1

September 27, 2013
188 Hospital Lane, Jellico, TN 37762
phone 423-784-7232
fax 423-784-1136
www.jellicohospital.com
10:10 am

August 26, 2013

Mr. Phillip Earhart
Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: Pioneer Community Hospital of Scott Discontinuance of Obstetrical Services

Dear Mr. Earhart,

As President/CEO of Jellico Community Hospital, I affirm that Jellico Community Hospital will continue to offer obstetrical services. Our facility has the interest and capacity to absorb the additional volume and increase in TennCare/Medicaid payor mix created by the Pioneer Community Hospital's (formerly Scott County Hospital) discontinuance of obstetrics.

I am in full support of this project and request the Agency approve this Certificate of Need application.

Sincerely,

Erik D. Wangsness
President/CEO

September 5, 2013

Mr. Phillip Earhart
Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Re: Pioneer Community Hospital of Scott Discontinuance of Obstetrical Services

Dear Mr. Earhart,

As President and Chief Administrative Officer of Methodist Medical Center of Oak Ridge ("Methodist"), I am writing in response to a recent request of Pioneer Community Hospital's leadership. I can affirm that Methodist currently offers obstetrical services to the community. Our hospital has capacity to absorb any additional volume created by the Pioneer Community Hospital's (formerly Scott County Hospital) discontinuance of obstetrics. Of course, many patients may likely choose to go to other community hospitals in the region that offer obstetrical services for their care as well.

If you have any further questions, please do not hesitate to contact me.

Sincerely,



Mike Belbeck
President and CAO

Cc: Mike Richardson, Vice President, Strategic Planning and Business Development

Attachment 8

Letter from Pioneer Health Services' Chief Financial Officer.

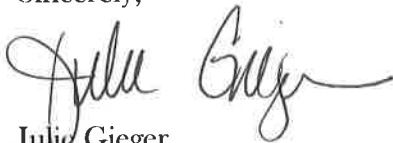
August 26, 2013

Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

Dear Mr. Earhart,

This letter is to certify that Pioneer Health Services has sufficient cash reserves to finance the project cost of \$5,000 (legal fees and application fee) necessary for the Discontinuance of Obstetrics Services at Pioneer Community Hospital of Scott, as described in the certificate of need application.

Sincerely,



Julie Gieger
Chief Financial Officer
Pioneer Health Services, Inc.

Attachment 9

Audited Financial Statement of Pioneer Health Services December 31, 2012.



**HARPER, RAINS, KNIGHT
& COMPANY**

*Certified Public Accountants
A Professional Association*

The Board of Directors
Pioneer Health Services, Inc.
and Subsidiaries
Magee, Mississippi

Independent Auditors' Report on the Supplementary Information

We have audited the consolidated financial statements of Pioneer Health Services, Inc. and Subsidiaries (the "Corporation") as of and for the year ended December 31, 2012, and have issued our report thereon, dated April 26, 2013 which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Harper, Rains, Knight & Company, P.A.

April 26, 2013

PIONEER HEALTH SERVICES, INC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
December 31, 2012

ASSETS

	PHS	PHS Simpson County	PHS Patrick County	PHS Newton County	PHS Early County	PHS Stokes County	PHS Choctaw County	Eliminations	Consolidated Balance Sheet
Current assets									
Cash and cash equivalents	\$ 113,972	\$ 267	\$ 173,840	\$ 85,772	\$ 1,549,269	\$ 104,339	\$ 192,605	\$ -	\$ 2,220,064
Short-term certificates of deposit	807,616	-	204,000	-	-	-	-	-	1,011,616
Trade accounts receivable, net	526,589	-	661,537	2,971,029	4,010,795	4,185,218	1,647,064	-	14,002,232
Accounts receivable - affiliates	4,612,398	(311,022)	175,956	174,484	1,438,558	38,566	228,183	(2,570,781)	3,786,342
Advance receivable - stockholder	167,648	-	-	-	-	-	-	-	167,648
Estimated third-party payor settlements	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	78,905	181,220	216,144	112,224	134,898	-	723,391
Current portion of notes receivable - affiliates	610,613	-	-	-	-	-	-	-	610,613
Other	155,849	-	73,004	-	112,704	-	389,062	-	730,619
Total current assets	6,994,685	(310,755)	1,367,242	3,412,505	7,327,470	4,440,347	2,591,812	(2,570,781)	23,252,525
Long-term assets									
Property and equipment, net	9,974,610	2,179,327	2,882,109	8,675,987	4,648,471	1,598,203	1,097,496	-	31,056,203
Notes receivable - affiliates, net of current portion	1,927,880	-	-	-	-	-	-	-	1,927,880
Investment in subsidiaries	2,327,383	-	-	-	-	-	-	(2,327,383)	-
Other	56,831	-	-	-	-	-	-	-	56,831
Goodwill	-	-	-	134,783	-	-	-	-	134,783
Total long-term assets	14,286,704	2,179,327	2,882,109	8,810,770	4,648,471	1,598,203	1,097,496	(2,327,383)	33,175,697
Total assets	\$ 21,281,389	\$ 1,868,572	\$ 4,249,351	\$ 12,223,275	\$ 11,975,941	\$ 6,038,550	\$ 3,689,308	\$ (4,898,164)	\$ 56,428,222

LIABILITIES AND STOCKHOLDER'S EQUITY (DEFICIT)

Current liabilities									
Checks written in excess of deposits	\$ 445,903	\$ -	\$ 102,564	\$ 254,186	\$ 203,364	\$ 280,201	\$ 32,513	\$ -	\$ 1,318,731
Trade accounts payable	901,769	-	468,633	1,265,599	1,044,489	659,209	708,646	-	5,048,345
Accrued expenses and other current liabilities	1,276,254	6,497	386,342	791,161	975,669	633,786	481,399	-	4,551,108
Accounts payable - affiliates	-	-	-	3,516,738	58,418	457,321	78,494	(2,570,781)	1,540,190
Deferred revenue	-	-	-	-	-	175,000	-	-	175,000
Lines of credit	-	-	411,619	654,137	857,634	608,349	901,398	-	3,433,137
Current portion of notes payable	1,605,038	141,154	411,506	683,570	1,674,245	550,661	290,053	-	5,356,227
Current portion of capital lease obligations	-	-	81,326	53,917	-	62,332	8,166	-	205,741
Estimated third-party payor settlements	-	-	326,907	-	-	-	-	-	326,907
Total current liabilities	4,228,964	147,651	2,188,897	7,219,308	4,813,819	3,426,859	2,500,669	(2,570,781)	21,955,386
Long-term liabilities									
Notes payable, net of current portion	7,007,271	1,925,174	2,213,497	8,180,110	2,513,427	1,290,568	725,615	-	23,855,662
Capital lease obligations, net of current portion	-	-	246,287	67,529	-	251,522	6,882	-	572,020
Total long-term liabilities	7,007,271	1,925,174	2,459,784	8,247,639	2,513,427	1,542,090	732,297	-	24,427,682
Total liabilities	11,236,235	2,072,825	4,648,681	15,466,947	7,327,246	4,968,949	3,232,966	(2,570,781)	46,383,068
Stockholder's/member's equity (deficit)									
Common stock/member's capital	1,000	1,000	100	1,000	-	1,000	-	(3,100)	1,000
Retained earnings	10,044,154	(205,253)	(399,430)	(3,244,672)	4,648,695	1,068,601	456,342	(2,324,283)	10,044,154
Total stockholder's/member's equity (deficit)	10,045,154	(204,253)	(399,330)	(3,243,672)	4,648,695	1,069,601	456,342	(2,327,383)	10,045,154
Total liabilities and stockholder's/member's equity (deficit)	\$ 21,281,389	\$ 1,868,572	\$ 4,249,351	\$ 12,223,275	\$ 11,975,941	\$ 6,038,550	\$ 3,689,308	\$ (4,898,164)	\$ 56,428,222

PIONEER HEALTH SERVICES, INC AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS
Year Ended December 31, 2012

	PHS	PHS Simpson County	PHS Patrick County	PHS Newton County	PHS Early County	PHS Stokes County	PHS Choctaw County	Eliminations	Consolidated Income Statement
Revenues									
Patient services revenue, net	\$ -	\$ -	\$ 11,569,708	\$ 15,340,551	\$ 23,809,728	\$ 20,610,641	\$ 11,835,474	\$ -	\$ 83,166,102
Provision for bad debts	-	-	(1,645,900)	(2,931,547)	(3,546,681)	(2,973,346)	(941,885)	-	(12,039,359)
Total net patient services revenue	-	-	9,923,808	12,409,004	20,263,047	17,637,295	10,893,589	-	71,126,743
Management and consulting fees	20,951,690	-	-	-	-	-	-	(8,283,010)	12,668,680
Other	-	257,200	-	-	-	-	-	(257,200)	-
Total revenues	20,951,690	257,200	9,923,808	12,409,004	20,263,047	17,637,295	10,893,589	(8,540,210)	83,795,423
Expenses									
Salaries and benefits	14,704,684	-	4,526,418	6,373,175	9,188,957	7,796,681	5,416,983	-	48,006,898
Contract labor and professional fees	2,578,748	-	2,696,591	3,474,600	3,989,631	4,380,031	2,274,313	(8,283,010)	11,110,904
Supplies and other expenses	704,546	-	1,285,029	1,718,000	1,791,815	1,946,244	898,700	-	8,344,334
Insurance	269,568	29,360	171,317	299,186	406,035	184,774	181,093	-	1,541,333
Rent	551,228	-	158,014	337,873	917,653	846,498	748,312	(257,200)	3,302,378
Utilities and maintenance	563,241	-	574,041	370,502	895,353	908,889	330,134	-	3,642,160
Tax and licenses	90,790	-	197,643	379,190	593,377	330,784	373,321	-	1,965,105
Depreciation and amortization	265,571	173,590	175,519	426,546	134,975	38,340	10,228	-	1,224,769
Travel and entertainment	1,012,053	-	68,263	71,366	91,875	87,685	64,400	-	1,395,642
Other operating expenses	126,624	404	57,800	77,301	104,563	110,306	29,518	-	81,040,039
Total expenses	20,867,053	203,354	9,910,635	13,527,739	18,114,234	16,630,232	10,327,002	(8,540,210)	81,040,039
Operating income (loss)	84,637	53,846	13,173	(1,118,735)	2,148,813	1,007,063	566,587	-	2,755,384
Other income (expenses)									
Miscellaneous income	273,130	-	87,247	279,557	733,747	384,813	27,597	-	1,786,091
Interest income	193,668	-	2,528	644	2,978	1,381	121	-	201,320
Equity in earnings of subsidiaries	2,668,408	-	-	-	-	-	-	(2,668,408)	-
Interest expense	(379,173)	(93,131)	(197,706)	(476,216)	(373,810)	(233,468)	(120,009)	-	(1,873,513)
Miscellaneous other expense	(28,326)	-	(4,477)	(6,512)	-	(17,623)	-	-	(56,938)
Total other income (expenses)	2,727,707	(93,131)	(112,408)	(202,527)	362,915	135,103	(92,291)	(2,668,408)	56,960
Net income (loss)	2,812,344	\$ (39,285)	\$ (99,235)	\$ (1,321,262)	\$ 2,511,728	\$ 1,142,166	\$ 474,296	\$ (2,668,408)	\$ 2,812,344

SEP 27 2013 AM 10:04

SUPPLEMENTAL- # 1

September 27, 2013

-25- 10:10 am

ORIGINAL- SUPPLEMENTAL-2

**Pioneer Community Hospital of
Scott**

CN1308-030

SEP 30 '13 AM 10:01

SUPPLEMENTAL- # 2

September 30, 2013

PIONEER
HEALTH SERVICES



10:04 am

September 27, 2013

Phillip Earhart
State of Tennessee
Health Services and Development Agency
Frost Building, 3rd Floor
161 Rosa L. Parks Boulevard
Nashville, TN 37243

RE: Certificate of Need Application CN1308-030
Pioneer Community Hospital of Scott – Discontinuance of Obstetrical Services

Dear Mr. Earhartt:

Please find enclosed the original and two copies of the supplemental information for Certificate of Need application CN1308-030 for the discontinuation of obstetrical services at Pioneer Community Hospital of Scott (formerly Scott County Hospital). If you have any questions, please do not hesitate to call me at 601.849.6440 (ext. 325)

Sincerely,

Eden Blackwell
Director of Corporate Compliance

Enc.

1. Applicant Profile, Item 2

Please include the entire email address, and note the extension of the contact phone number and resubmit.

Please see that attached amended applicant profile.

2. Applicant Profile, Item 9

The updated bed complement chart is noted. The OB and swing beds are classified as medical beds. Please revise and resubmit.

Please see that attached amended bed complement for the applicant facility reflecting at total of 25 medical beds.

3. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) A. Need 4.

The applicant references Hospital Discharge Data from 2005 Guidelines for Growth. Please verify this source, and if possible, provide an internet link to this document.

Please see Item 4. IX Resident Hospital Discharge Data 2005, Scott County, Tennessee on page 461 of *Tennessee's Health: Picture of the Present*, incorrectly referenced in previous supplemental submissions as Guidelines for Growth. An internet link to the document is provided below.

<http://hit.state.tn.us/CountyProfiles/Cntyimage/PicturePresent2005.pdf>

4. Section C, Need, Item 1 (Project Specific Criteria-Discontinuance of Obstetrical Services) B. Need 2.

The applicant states TennCare patient must rely on their personal vehicles for transportation to alternate providers. Please verify transportation is a covered benefit for TennCare enrollees.

TennCare Medicaid does provide covered non-emergency transportation services for enrollees that may be used to seek routine obstetrical services at alternate providers.

5. Section C, (Economic Feasibility) Item 4 (Historical and Projected Data Charts)

There are errors in the historical and projected data charts.

Historical Data Chart

- Please specify the unit of measure for the utilization data in the historical data chart.
- Please clarify why the expense for supplies were allocated under "other expenses-Specify"
- Please recalculate total operating expenses for 2009-2011.
- The amount for net operating income for the year 2011 is unclear. Please revise.
- Please correct the historical data chart and submit a replacement page.

Please see attached amended Historical Data Chart.

The following Historical Data Chart is completed with data available from previous operation of the applicant facility formerly known as Scott County Hospital. In keeping with the accounting system of the previous operator, supplies are reported as part of a miscellaneous grouping of supplies, purchased services, and non-operating expenses not otherwise broken out by individual expense.

Projected Data Chart

- Please specify unit of measure under the heading "utilization data"
- Please clarify why emergency services revenue is allocated to outpatient services in the Projected Data Chart
- Please revise the projected data chart and submit a replacement page.

Please see attached amended Historical Data Chart.

Data item for emergency services has been broken out of the previously reported outpatient services for your review. Emergency service is commonly grouped with outpatient services in the owners accounting system.

Projected Data Chart with OB Services

- Please specify unit of measure under-utilization data
- The total deductions from Gross Operating Revenue totals for 2014 and 2015 are incorrect. Please recalculate and resubmit.
- The figures of 202,930 in Year 2014 and 214,724 in Year 2015 do not match the itemized amount on page 15 for the "other expenses category".
- Please revise and resubmit the projected data chart for OB services

Please see attached amended Projected Data Chart with OB Services.

6. Affidavit

The date of the affidavit appears to be incorrect. Please resubmit an affidavit for the previous supplemental with the correct data.

Please see attached affidavit for the previous supplemental data.

SEP 30 '13 AM 10:02

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in January (Month).

	Year 2009	Year 2010	Year 2011
A. Utilization Data (Specify unit of measure)	6052 pt days	5580 pt days	5517 pt days
B. Revenue from Services to Patients			
1. Inpatient Services	\$28,285,763	\$23,373,950	\$23,415,015
2. Outpatient Services	26,758,985	31,618,961	40,855,096
3. Emergency Services	8,435,204	8,839,435	2,416,871
4. Other Operating Revenue (Specify) <u>CAH, EAH Payments, Cafeteria, Gift Shop</u>	759,600	2,104,091	1,162,619
Gross Operating Revenue	\$64,239,552	\$65,936,437	\$67,849,601
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$47,753,918	43,456,063	45,909,270
2. Provision for Charity Care	1,433,905	1,200,388	1,217,324
3. Provisions for Bad Debt	2,202,224	4,704,970	3,689,035
Total Deductions	\$51,390,047	49,361,421	50,815,629
NET OPERATING REVENUE	\$12,849,505	\$16,575,016	\$17,033,972
D. Operating Expenses			
1. Salaries and Wages	\$7,442,902	6,858,717	7,187,123
2. Physician's Salaries and Wages	0	0	0
3. Supplies	*IN OTHER	*IN OTHER	*IN OTHER
4. Taxes	0	0	0
5. Depreciation	504,074	293,125	171,008
6. Rent	0	0	0
7. Interest, other than Capital	277,718	565,096	452,622
8. Management Fees:			
a. Fees to Affiliates	1,517,312	2,075,303	1,969,598
b. Fees to Non-Affiliates	0	0	0
9. Other Expenses – Specify	11,670,099	10,694,673	12,097,213
Total Operating Expenses	21,412,105	20,486,914	21,877,564
E. Other Revenue (Expenses) – Net (Specify) _____	\$ _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	(8,562,600)	(\$3,911,898)	\$(4,843,592)
F. Capital Expenditures			
1. Retirement of Principal	0	0	0
2. Interest	0	0	0
Total Capital Expenditures	0	0	0
NET OPERATING INCOME (LOSS)	<u>\$(8,562,600)</u>	<u>(\$3,911,898)</u>	<u>\$(4,843,592)</u>
LESS CAPITAL EXPENDITURES			

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in September __ (Month).

	Year_2014	Year_2015
A. Utilization Data (Specify unit of measure)	1663 pt days	3528 pt days
B. Revenue from Services to Patients		
1. Inpatient Services	5,999,996	\$8,733,086
2. Outpatient Services	1,929,385	3,281,421
3. Emergency Services	2,520,000	3,217,500
4. Other Operating Revenue: Clinic Revenue, Partial Revenue	526,250	762,900
Gross Operating Revenue	\$10,975,631	15,994,907
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	4,651,949	6,782,582
2. Provision for Charity Care	219,513	319,898
3. Provisions for Bad Debt	768,294	1,119,644
Total Deductions	5,639,756	8,222,124
NET OPERATING REVENUE	5,335,875	7,772,783
D. Operating Expenses		
1. Salaries and Wages	2,817,721	4,644,445
2. Physician's Salaries and Wages	1,120,776	1,200,000
3. Supplies	310,417	839,243
4. Taxes	0	0
5. Depreciation	0	0
6. Rent	132,800	75,000
7. Interest, other than Capital	0	0
Management Fees:		
a. Fees to Affiliates	478,940	697,826
b. Fees to Non-Affiliates	0	0
9. Other Expenses – Utilities, Marketing, Misc Fees, Education	202,930	214,724
Total Operating Expenses	5,063,584	7,671,238
E. Other Revenue (Expenses) -- Net (Specify) _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	272,291	101,545
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	_____	_____
Total Capital Expenditures		\$ _____

NET OPERATING INCOME (LOSS)	\$272,291	\$101,545
LESS CAPITAL EXPENDITURES		

HISTORICAL DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	Year 2009	Year 2010	Year 2011
1. Employee Benefits	2,134,748	1,887,224	2,013,246
2. Professional Fees	781,664	747,421	672,360
3. Energy	466,769	266,646	265,049
4. Supplies, Purchased Services, Non-operating Expenses not available in detail	8,286,918	7,793,382	9,146,558
5.			
6.			
7.			
Total Other Expenses	\$11,670,099	\$10,694,673	\$12,097,213

PROJECTED DATA CHART-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>	FY 2014	FY 2015
1. Phone	102930	114,724
2. Service Contract	45,000	45,000
3. Travel	15,000	15,000
4. Repair	40,000	40,000
5.		
6.		
7.		
Total Other Expenses	\$202,930	\$214,724

PROJECTED DATA CHART with Obstetrical Services

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in September __ (Month).

	Year_2014	Year_2015
A. Utilization Data (Specify unit of measure)	1759 pt days	3672 pt days
B. Revenue from Services to Patients		
1. Inpatient Services	\$6,278,588	\$9,151,104
2. Outpatient Services	1,929,385	3,281,421
3. Emergency Services	2,520,000	3,217,500
4. Other Operating Revenue : Clinic Revenue, Partial Revenue	526,250	762,900
Gross Operating Revenue	\$11,254,223	16,412,925
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	4,833,034	7,054,293
2. Provision for Charity Care	225,084	311,846
3. Provisions for Bad Debt	776,541	1,148,905
Total Deductions	5,834,659	8,515,044
NET OPERATING REVENUE	5,419,564	7,897,881
D. Operating Expenses		
1. Salaries and Wages	3,504,295	5,331,019
2. Physician's Salaries and Wages	1,424,776	1,504,000
3. Supplies	355,417	884,243
4. Taxes	0	0
5. Depreciation	0	0
6. Rent	132,800	75,000
7. Interest, other than Capital	0	0
8. Management Fees:		
a. Fees to Affiliates	478,940	697,826
b. Fees to Non-Affiliates	0	0
9. Other Expenses – Utilities, Marketing, Misc Fees, Education	258,930	270,024
Total Operating Expenses	6,155,158	8,762,112
E. Other Revenue (Expenses) -- Net (Specify) _____	\$ _____	\$ _____
NET OPERATING INCOME (LOSS)	(735,594)	(864,231)
F. Capital Expenditures		
1. Retirement of Principal	\$ _____	\$ _____
2. Interest	_____	_____
Total Capital Expenditures		\$ _____

NET OPERATING INCOME (LOSS)
LESS CAPITAL EXPENDITURES

(735,594)

(864,231)

PROJECTED DATA CHART with Obstetrical Services-OTHER EXPENSES

<u>OTHER EXPENSES CATEGORIES</u>		FY 2014	FY 2015
1.	Phone	102930	114,724
2.	Service Contract	45,000	45,000
3.	Travel	15,000	15,000
4.	Repair	46,000	46,000
5.		50,000	50,000
6.		<hr/>	<hr/>
7.		<hr/>	<hr/>
Total Other Expenses		\$258,930	\$270,024

ATTACHMENTS

Attachment I.

Revised Applicant Profile

SEP 30 '13 10:02

1. **Name of Facility, Agency, or Institution**

Pioneer Community Hospital of Scott

Name

18797 Alberta St

Street or Route

Oneida

City

TN

State

Scott

County

37841

Zip Code

2. **Contact Person Available for Responses to Questions**

Eden Blackwell

Name

Pioneer Health Services, Inc.

Company Name

110 Pioneer Way

Street or Route

Employee

Association with Owner

Magee

City

601.849.6440 (x 325)

Phone Number

Director of Corp Compliance

Title

edenblackwell@phs corporate .com

Email address

MS

State

39111

Zip Code

601.849.6443

Fax Number

3. **Owner of the Facility, Agency or Institution**

Pioneer Health Services, Inc.

Name

PO Box 1100

Street or Route

Magee

City

MS

State

601.849.6440

Phone Number

Simpson

County

39111

Zip Code

4. **Type of Ownership of Control (Check One)**

A. Sole Proprietorship

B. Partnership

C. Limited Partnership

D. Corporation (For Profit)

E. Corporation (Not-for-Profit)

F. Government (State of TN or Political Subdivision)

G. Joint Venture

H. Limited Liability Company

I. Other (Specify)

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

Attachment 2.

Revised Bed Complement Chart

9. Bed Complement Data

Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Beds Licensed</u>	<u>*CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	25		25	0	25
B. Surgical					
C. Long-Term Care Hospital					
D. Obstetrical		0	0	0	0
E. ICU/CCU					
F. Neonatal					
G. Pediatric					
H. Adult Psychiatric					
I. Geriatric Psychiatric					
J. Child/Adolescent Psychiatric					
K. Rehabilitation					
L. Nursing Facility (non-Medicaid Certified)					
M. Nursing Facility Level 1 (Medicaid only)					
N. Nursing Facility Level 2 (Medicare only)					
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)					
P. ICF/MR					
Q. Adult Chemical Dependency					
R. Child and Adolescent Chemical Dependency					
S. Swing Beds					0
T. Mental Health Residential Treatment					
U. Residential Hospice					
TOTAL	25	0	25	0	25

*CON-Beds approved but not yet in service

10. Medicare Provider Number
Certification Type

11. Medicaid Provider Number
Certification Type

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid? ☒ YES

13. Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? ☒ Yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.

Discuss any out-of-network relationships in place with MCOs/BHOs in the area.

Attachment 3.

Affidavit

SEP 30 '13 AM 10:02

SUPPLEMENTAL- # 2

September 30, 2013

10:04 am

AFFIDAVIT

STATE OF MISSISSIPPI

COUNTY OF SMITH

NAME OF FACILITY: Pioneer Community Hospital of Scott

I, MORGAN DUNN, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Morgan Dunn, Compliance Officer
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 27th day of September 2013,
witness my hand at office in the County of Smith, State of Mississippi.

Sonja McDaniel
NOTARY PUBLIC

My commission expires January 1, 2016.

HF-0043

Revised 7/02

